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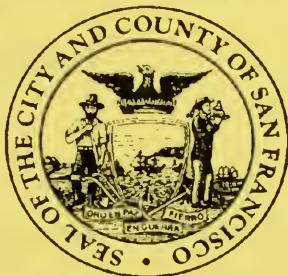
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SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**January 8, 2008
Special Meeting**

9:00 A.M.

DOCUMENTS DEPT.

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#1 Dr. Carlton B. Goodlett Place
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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
January 8, 2008

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

January 8, 2008

A. CALL TO ORDER:

The special meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenhime

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:02 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Alan Harman vs City and County of San Francisco, Appellate Court Case No. A115519; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:28 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 18, 2007 were adopted unanimously.

No. 08-0001

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was amended and moved by Commissioner Guggenheim and seconded by Commissioner Mazzola. The vote to approve was unanimous.

1. Award of Contract No. 8757.9 - Professional Services Agreement - Construction Management Services for Terminal 2/Boarding Area D Renovations - T2 Partners, A Joint Venture of Parson's Transportation Group, EPC Consultants, Inc., and The Allen Group, LLC - Initial Budget of \$3.5 Million

No. 08-0002	Resolution awarding Contract 8757.9, Professional Services Agreement, for Construction Management Services for Terminal 2/Boarding Area D Renovations, to T2 Partners, A Joint Venture of Parson's Transportation Group, EPC Consultants, Inc., and The Allen Group, LLC, with an initial budget of \$3.5 Million for services through December 31, 2008.
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Mr. Ivar Statero, Deputy Director, Bureau of Design and Construction said that this agenda item awards Contract No. 8757.9 to T2 Partners for Construction Management Services in support of the Terminal 2/Boarding Area D Renovations project.

These services are required for the implementation of the project, which is being fast-tracked to provide additional gate capacity by mid-2010 for the new entrant carriers at SFO. The recent Airport planning studies indicate that additional terminal space will be needed by 2011. This, along with the added capacity needed to accommodate the displaced low cost carriers as the growth in international traffic continues, and to allow for the phased demolition and rebuild of Boarding Area B demonstrate the need for fast tracking this project.

Airport staff has successfully negotiated with T2 Partners the billing rates, overhead multipliers, staffing and a budget for the first year of services. The Airport will issue task orders to the consultant for services, with defined durations and the contractor will be reimbursed on a cost plus fixed fee basis.

The proposed budget for the first year of services is \$3.5 Million. The overall budget for CM services and materials testing and special inspection for the entire project is \$15.5. Million.

Staff will recommend annual modifications to this Contract pending the

Consultant's successful completion and evaluation of prior years services.

T2 Partners will integrate into their staff three Airport-filled positions, including a resident engineer and two inspectors.

T2 Partners has committed to 11% LBE subcontractor participation, in comparison to the HRC LBE goal of 10%.

Pending the Commission's award of this contract, the Airport will prepare and submit a package for Board of Supervisor's approval, as required by City Ordinance, given that the contract is expected to exceed the \$10 Million threshold as defined by the Ordinance which requires their approval.

The Commission has an alternative resolution for consideration. We neglected to include in the resolution the appropriate CEQA language based on the City Planning's review of the 1992 Master Plan EIR Addendum that basically determined that there was no additional environmental impact from those of the original findings.

The revised language in the resolution needs to be read into the record.

Commissioner Ito asked if the Resident Engineer and the two engineer positions are new positions or are they coming from our own personnel.

Mr. Satero responded in previous projects, specifically the Terminal 1 Bridge/ Mezzanine Project and the activation of A Gates we had a similar agreement with Local 21 and we were able to staff similar positions in those projects. This is just a shifting of those same employees to assist us with this project and provide some other opportunities for some other employees. This is existing staff from the Facilities Division.

Ms. Jean Caramatti, Commission Secretary read the revised language from the resolution into the record:

"Whereas on November 22, 2007 by Resolution No. 07-0259 the Commission authorized the issuance of Commercial Paper for the Terminal 2/Boarding Area D Renovations Project and adopted appropriate findings under the California Environmental Quality Act that it has reviewed and considered the information in the 1992 San Francisco International Airport Master Plan Program Environmental Impact Report and the Master Plan Program EIR Addendum for the Terminal 2 Renovation Project dated October 24, 2007 which concluded that no additional Environmental Review is required for the project."

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote was 4 to 1 to approve with Commissioner Crayton casting the dissenting vote.

2. Award of Contract No. 8474 - Rehabilitation of Airport Cooling Towers Proven Management, Inc. - \$1,159,423

Mr. Ernie Eavis, Deputy Director, Facilities said that this item awards Contract No. 8474 to Proven Management Inc. for \$1,159,423. This Contract replaces deteriorated components and upgrades equipment in the Airport's Cooling Towers. This project will also improve the energy efficiency of the towers in the Central Garage coming out of the Central Heating and Cooling Plant. They are over 25 years old and major components do have to be replaced for this project.

The bid call resulted in proposals from two contractors and Proven Management was determined to be the lowest, responsive, responsible contractor.

The second bidder, American Cooling Towers, filed a protest against Proven's bid but the protest was found to be without merit.

The bid came in under the Engineer's Estimate of \$1.2 Million.

Mr. Steve Brockhage, Proven Management, explained that in the hectic moments before the bid was submitted Proven Management inadvertently failed to fill out one of the forms listing certain subcontractors that they intended to use on the project. Proven had provided exactly that same information in another part of its bid package and it inadvertently neglected to fill out the same information on another sheet that was part of the bid package. This is a classic example of a minor irregularity that should not be made the subject of a non-responsive issue here. It can be waived by the Airport. Proven was the low bidder by over \$100,000 and therefore we support the recommendation to award it to Proven.

Ms. Kate Lange, American Cooling Towers, said that HRC set up documentation and bid processes that have to be followed. Proven inadvertently mistook one piece of paper for another and that can be considered inconsequential. However, the five other errors that were in their bid should not be overlooked.

HRC set the precedent with Proven by disqualifying a bid submitted in 2004 for failing to fill out all of the "good faith" paperwork. They made the same error in this bid. They failed to submit all required information; they left out certain pieces of paper; they marked yes where it should have said no.

American Cooling Towers is asking for a re-bid at the very least. If the HRC is going to establish precedents they have to follow them across the board. American Cooling Tower has lost bids in San Francisco for inadvertently failing to fill out "good faith" paperwork. They asked for a fair bid process.

Secondly, Proven's qualifications should be of concern. They have never done a cooling tower project before although their subcontractor has done HVAC projects. The bid difference between the two bids is \$100,000. A cooling tower going down for one day could cost the Airport upwards of \$1 Million. If the fan blades are pitched two degrees off it could cost the City over \$400,000 in electricity. In that

case, \$100,000 is very little difference to insure that the towers are done correctly.

Commissioner Mazzola asked Mr. Maerz about the five other items in the protest.

Mr. Rob Maerz, Airport General Counsel, responded that the subject of the protest that was brought to legal's attention was the listing of one subcontractor on the State form and the failure to list that same subcontractor on the HRC form. If there are, as the protestor indicates, five other objections to the HRC documentation he does not know what the specific objections are but he does know that HRC has reviewed the award and approved it so HRC has concluded that whatever those discrepancies are they do not warrant rejecting the bid.

Commissioner Crayton asked Mr. Maerz if he knew what the other five items are.

Mr. Maerz responded that he does not.

Commissioner Mazzola asked Mr. Eavis if he could respond to the accusation that Proven does not have experience to do this type of work.

Mr. Eavis responded that the subcontractor has the experience, as Ms. Lange stated. However, he took issue with the \$1 million per day figure that Ms. Lange quoted. We spend somewhere in the neighborhood of \$32 Million a year in electricity. That averages out to about \$100,000 a day for all Airport electrical use, including the cooling towers. So, he does not see how being off by a few degrees here or there is going to cost us that much money. It doesn't add up. The chillers cost somewhere in the neighborhood \$10,000 a day to run them. Her numbers may be a little inflated.

Commissioner Johns said that she felt that it was not the numbers per se that are important but the issue of if they are qualified with the subcontractor to do the work.

Mr. Eavis responded that with the subcontractor they would be qualified to do this type of work. It's replacing fans and components. It's not highly sophisticated work.

Commissioner Crayton asked if it is common practice that we have contractors bid on work that they are not qualified to perform but a subcontractor is.

Mr. Eavis responded that it is a common practice. There are a number of bidders on our contracts that in and of themselves do not have the experience to do a particular scope of work but they put together teams of subcontractors that do have the experience.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Authorization to Fund \$2,165,000 for the Fourth Year of the Airport's Financial Advisory and Arbitrage Rebate/Investment Advisory Contracts

Resolution authorizing total annual funding of \$2,165,000 for the Fourth Year of the Airport's Financial Advisory and Arbitrage Rebate and Investment Advisory Contracts.

Mr. Leo Fermin, Deputy Director, Business and Finance said that as we have done in each of the prior three years we are requesting Commission approval of funding for another year for the two financial advisory contracts that we have at the same dollar amounts as in previous years. This will be the fourth year and the requested funding provides us \$775,000 for ongoing routine work that is funded mostly in the Operating Budget. We are also requesting authorization to fund an additional \$1,390,000 for potential financing transactions such as bond refundings and special financings which may or may not materialize. If circumstances warrant that these financial transactions occur and if the Commission were to approve them then the monies to pay for these fees would come from the financings themselves such as the proceeds from the bonds which are sold. The Commission approved this same approach for each of the first three years of the contracts. Last year the Commission approved the same amount of funding of \$2,165,000. Of this amount, \$784,000 or 36% was actually spent.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Item No. 6 was pulled from the Consent Calendar and voted on separately. Item Nos. 4, 5 and 7 of the Consent Calendar were moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

4. Award Contract 8591 - Airport Electrical and Telecommunications Improvements and Repairs - Bay Area Systems and Solutions, dba BASS Electric, Inc. - \$493,894

No. 08-0005

Resolution awarding Contract No. 8591, Airport Electrical and Telecommunications Improvements and Repairs to the lowest responsive, responsible bidder, Bay Area Systems and Solutions, dba BASS Electric, Inc., in the amount of \$493,894.

5. Award of Contract No. 8737 - Lot D Improvements - Bay Area Systems and Solutions, dba BASS Electric, Inc. - \$427,425

No. 08-0006

Resolution awarding Contract No. 8737 Lot D Improvements, to the lowest responsive, responsible bidder, Bay Area Systems and Solutions, dba BASS Electric, Inc., in the amount of \$427,425.

Commissioner Johns asked to be recused from voting on Item No. 6 due to a conflict of interest. Commissioner Crayton motioned to recuse Commissioner Johns with a second by Commissioner Ito. The vote to recuse was unanimous.

Commissioner Crayton made a motion to approve Item No. 6 with a second by Commissioner Mazzola. The vote to approve was unanimous.

6. Approval to Apply to the State of California for Grant Funds for the West of Bayshore Area

No. 08-0007

Resolution approving the Director apply for grant funds with the State of California to enhance the landscaping at the West of Bayshore area.

Mr. Maerz stated and the Conservation Corp is a co-applicant for the Grant that is being voted upon and that is the bases for the recuse?

7. Authorization to Issue a Request for Qualifications for Professional Services Contract No. 8136D - 100% In-line Explosives Detection Baggage Inspection Systems High Tech Maintenance - \$500,000

No. 08-0008

Resolution approving issuance of a Request for Qualifications for Professional Services for Contract 8136D, 100% In-line Explosives Detection Baggage Inspection Systems High Tech Maintenance for Airport Owned Baggage Conveyor Equipment in the amount of \$500,000.

* * *

G. DIRECTOR'S REPORTS:

8. San Francisco International Airport's Plan to Mitigate on Airfield Aircraft Flight Delays - Oral Report

Commissioner Guggenhime asked if this the same as the passenger rights.

Mr. Martin responded that it is.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that there is no resolution associated with this item, he is simply reporting report on recent policy the Airport implemented and how it was actually put into effect the day after it was implemented.

For the past year and a half Congress, the DOT, the press and various consumer groups have shown great interest in the passage of an airline consumer national bill of rights that would mandate services that airlines are required to offer to passengers that are held on aircraft for extended periods of time away from the gate. Several airlines have already passed their own bill of rights and some states

have either already established or proposed similar legislation that would protect consumers and mandate what the bill of rights and what the airlines would do on extended flight delays.

This problem gained notoriety in two major incidents, one with American Airlines in December 2006 when over 100 flights were diverted from DFW to surrounding airports. They basically flooded those airports with airplanes and they had no gates to accommodate those flights. Passengers were stuck on aircraft for six to eight hours.

The nation was again made painfully aware of the problem in February of 2007 when JetBlue stranded many flights for as long as 10 hours in JFK as a result of a snow storm. They pushed aircraft back and were unable to get them back to the gate and passengers remained on those aircrafts. Those lengthy delays normally occur at airports with snow or blizzard type conditions, however San Francisco is not immune to the possibility of lengthy ramp holds. Adverse local weather, FAA imposed ground stop programs, company computer outages and diversions to San Francisco from other cities have presented some airlines in San Francisco with a situation of more aircraft needing terminal gates than there were actual gates available for that particular airline.

With this background airport staff and Director Martin had previously discussed our need to monitor flight delays and to develop plans to offer to the airlines any available parking spaces at our disposal.

In November of 2007 the airlines were advised by him at a monthly station managers meeting of the Airport's interest in monitoring delays and being advised of any delays of aircraft that had either been waiting for take off or waiting for a gate to open up in the terminal for more than one hour. We asked to be notified of those situations and offered the airlines Airport resources and terminal gates that are available to help assist them to get passengers off those aircraft.

January 3rd he wrote a memo to all the domestic and foreign airlines at San Francisco advising them of the Airport's new requirement to be notified of delays and our interest in assisting the airlines in getting aircraft to the terminal gate. That same day the Director also signed an Airport Operations Bulletin, which is our way of communicating new rules and regulations to the airlines, which detailed our notification expectations of the airlines and advised the airlines of the Airport's commitment to make parking available to any airline that had more aircraft than gates available to park them. The Airport Operations Bulletin required airlines to notify the Airport Duty Manager 24 hours a day of any arrival or departure delay that resulted in a flight being held away from the terminal in excess of 60 minutes. We also asked that the FAA Control Tower, the Contract Tower at the International Terminal and the FAA Control Tower staff, as well as the Airport Airfield Safety Officers be alert to aircraft that have been on the ground for more than 60 minutes, help identify them and bring them to the attention of the Duty Manager.

It is important to note that the Airport has not regulatory authority to direct the movement of airline aircraft. Neither does the FAA have the authority to direct flights to either take off or to taxi back to the terminal. The decision to take off, to

hold onto taxiway, to return to the gate or hold for an available gate is strictly under the control of the airline and the pilot of that particular aircraft. What the Airport can and has done with this Airport Operations Bulletin is to require airline notification to the Airport so that the Airport can offer resources that are at our disposal such as portable stairs, parking gates or remote parking positions and buses if a remote parking position is used to get people back into the terminal.

Little did we know when we wrote this directive on the third that the policy would be so tested the next day on the fourth and actually would be so successful. The weather conditions last Friday were really remarkable and extraordinary. There were steady winds of 45 knots gusting to 60 knots out of the Southeast and lasting between about 5 a.m. and 1:00 p.m. The direction of the wind was so unusual that it was coming from 120 degrees which is the exact direction that created strong cross winds on any of the potential runways from which we could have departed aircraft. Departing flights take off into the wind so the Tower then assigns aircraft configurations based on the wind direction. Airlines can tolerate a degree of cross winds but certainly could not take it when they were at almost 45 degree cross winds gusting from 40 - 65 knots and varying by as much as 20 knots.

There was no runway configuration that could avoid the cross winds so we were actually using the runways with the heading of 190 degrees ... the Superbay would be the takeoff point and they would take off towards Millbrae but the wind was coming out of the south right at 45 degree across the runway. The bottom line was that at 6:00 a.m. we had flights departing; by about 7:30 a.m. there were 15-20 flights waiting for take off; not one aircraft took off for about an hour and a half. We were monitoring the wait with our cameras that are positioned out in a remote part of the airfield. The tower was talking to us; we opened up our Emergency Operations Center; we contacted the airline operations departments and told them that if they chose to return to the gate we would find gates available for them.

Not only were departures restricted but landings were restricted as well. He listened to the tower radio and it was quite remarkable ... the flights that did land reported a change in wind velocity and direction by as much as 20 knots as they were landing, creating wind shear which potentially had the ability for a plane to drop and make an unsafe landing. A couple of planes landed; eight aircraft attempted to land and decided to go around based on the tower's readout. The tower was reading out the wind direction and speed continuously and based on that there were eight flights that chose not to land at all.

The net result of that morning was that we had approximately 300 flight cancellations. We had about 150 takeoffs and 150 landings cancelled throughout the day. He cannot remember that ever happening. The morning hours had the greatest disruption of schedules with only 20 takeoffs between 7 a.m. and 12:45 p.m. Normally we would have had 250 takeoffs at that time and we had 20. There were eight missed approaches and at least 15 flights diverted, both domestic and international. We had Air New Zealand and Cathay Pacific go to L.A.; we had a number of flights go to Fresno and Sacramento. They just didn't try landing.

We began offering gates at about 9:30 am. United made decisions that these flights that were holding at the end of the gate were going come back to the

terminal. At that time there were insufficient gates and we started offering alternative gates. We used 12 parking positions at Terminal 2, Boarding Area D which is now closed. We parked 12 United Express regional jets and commuter aircraft. The wind was howling. We drove a bus up to the plane. Passengers deplaned, rushed onto the bus and were brought into the terminal. Those flights went out later in the afternoon when weather conditions improved. Miraculously, the wind did a complete change in direction and velocity at about 1230 p.m. It started coming out of the west, allowing us to use our main runways. As soon as the wind changed everything was back on. Flights were departing and landing. Everybody pushed back. We started clearing up the backlog in the terminals. We still had gate problems in the afternoon because some of the international flights had come in late. It is very difficult to park international flights at remote locations because then we have to bus the passengers to Customs. The pilots on Cathay Pacific, China Airlines and a couple of other flights elected to wait about an hour or an hour and fifteen minutes for a gate once they landed. We were talking to the airlines to try to get them to quickly push out at the International Terminal to get arriving flights in.

The bottom line was that because of the Airport's involvement and our communication of the policy we made the best of a potentially very bad situation with extensive delays.

One interesting side note ... one of our worst weather days that we had on Friday morning actually resulted in favorable press coverage Saturday morning. There was an article in the Chronicle and in the local press about the fact that the Airport partnered with the airlines and offered resources to get them back to the gate.

In summary, we saw the need to do this and we stepped forward. Fortunately, we had the policy in place and it worked very well for us on Friday morning. We are going to debrief with the tower and the airlines this Friday morning and fine tune our procedures.

Commissioner Guggenhime asked, in light of the passenger rights lawsuits, if the City Attorney is aware that we have been involved in guiding Airport policy on this.

Mr. McCoy responded yes.

Commissioner Guggenhime asked if the flights that diverted to L.A. and Sacramento came back.

Mr. McCoy responded that they finally did. Friday afternoon flights ended up being two, three and four hours late, but everyone finally got to where they were going Friday afternoon and Friday evening.

Commissioner Johns hoped that in the debriefing we request that the airlines communicate to the passengers who are held hostage on the plane what is going on. That is part of the frustration.

She congratulated Director Martin and the Airport staff for being in the forefront of this issue. This is magnificent and very proactive. She hoped that the airlines will

cooperate and provide us with what, if any, information they gave to the passengers who were on those planes.

Mr. McCoy agreed. It's about how the information is delivered to the customer and he did not know what was said on board those aircraft. He will talk to the airlines to be sure that they understand and that they are telling the pilots that there is an alternative. The issue sometimes occurs when a particular airline might have five gates, pushes out a couple of flights, two more flights land, and then they want to bring the flight back so they don't have their own gate available. We are now offering to find the aircraft another gate or a remote parking spot. However, how that gets communicated to the customer on board the aircraft is really critical. It's up to the pilot to communicate that information, and those are the horror stories you hear about ... we were stuck there and the pilot wasn't telling us what was going on.

Mr. Martin said that we really avoided a nightmare. We could easily have had a situation like JetBlue had at JFK in February of 2007. The fact that Tryg and his staff were right on every aircraft and every delay, working with the airline made all the difference.

Commissioner Mazzola joined Commissioner Johns in congratulating Mr. Martin and his staff ... it was a great thing.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to address the Commission.

* * *

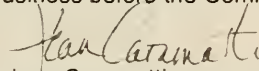
I. CORRESPONDENCE:

There was no discussion by the Commission

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:04 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**January 22, 2008
Special Meeting**

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

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Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
January 22, 2008

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AIRPORT COMMISSION SPECIAL MEETING MINUTES

January 22, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 8, 2008 were adopted unanimously.

No. 08-0009

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Martin Slater

No. 08-0010 Resolution thanking Mr. Martin Slater for more than 19 years of faithful service to the City and County of San Francisco.

John L. Martin, Airport Director said that Martin Slater is retiring after nineteen years of service to the Airport Commission as a Property Manager. Martin has done an outstanding job, always demonstrating the highest level of integrity and excellent skills as a property manager, and really earned great respect from his fellow employees and from the tenants he has served over the years.

He hired Martin nineteen years ago and he has great respect for the excellent job that he has done. He wished Martin well in his retirement and thanked him for his outstanding service to the Airport.

Mr. Slater thanked the Commission and staff for all of the years of support. He is looking forward to retirement. It has been an honor and a challenging career.

Commissioner Mazzola thanked Mr. Slater for his service.

Commissioner Johns moved to approve this item and it was moved to second by Commissioner Mazzola.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Retirement Resolution - Joel Auslen

No. 08-0011 Resolution thanking Mr. Joel Auslen for his faithful service to the City and County of San Francisco.

Mr. Martin said that Joel Auslen is retiring after 29 years of service working at the Mel Leong Treatment Plant. He always demonstrated the highest standards in all of his assignments, consistent attention to detail and is greatly respected by his fellow employees. We wish him well in his retirement.

Commissioner Mazzola offered his congratulations to Joel Auslen.

* * *

E. POLICY:

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Authorize Components of an Airfield Congestion Management Plan

No. 08-0012 Resolution authorizing the need for an Airfield Congestion Management Plan for the San Francisco International Airport and outlines those components to be investigated for the creation of said plan.

Mr. Martin said that this policy effectively recognizes the policy we have been following informally for the last 8 years which is a three prong approach to dealing with potential delays in the future at the Airport.

First, is Regional Planning. We called for an update to Regional Airport System Plan and the Regional Airport Planning Committee which is under the Metropolitan Transportation Commission is updating that plan. It is probably 12-18 months away from being completed. It is likely to call for more commercial service at the outlying airports that have runway capacity available ... Stockton, Sonoma, Monterey County Airports ... and they are actually being added to the Regional Airport Planning Committee as members.

The second element of our approach is Technology. The Airport Commission invested significantly in the Precision Runway Monitoring System which has been in place for a couple of years and is providing some delay relief in certain bad weather conditions. We are continuing to evaluate new technology with the FAA that may provide further relief in bad weather conditions.

The third main area is Congestion Management, an area we have been spending a lot of time on in the last year at the staff level in evaluating alternatives, congestion pricing, slot controls ... any possible demand management option. He has been engaged with airline executives at a senior level in discussing the possibility of implementing a program of this type.

The policy recognizes that these will be the three main areas where Airport staff will continue to focus their efforts and also recognizes that there is no intention to pursue new runways in the bay as we were pursuing prior to 9/11 due to the cost and environmental constraints. The cost constraints would result in a tripling of airline fees. The airlines recognize, with the Airport, that this is just not feasible and they could not afford that level of cost.

Commissioner Ito asked the Director if he was planning for twenty years out.

Mr. Martin responded that the Regional Airport System Plan Update is a twenty year plan.

Commissioner Ito asked if we would get periodic reports from the Regional Planning Group. She has met people in the community who are serving on this and she feels that the Commission needs to be in the loop if there are major discussions going on. It would be helpful for us to have some reports.

Mr. Martin responded that Danielle Rinsler and Ivar Satero attend all of the meetings, and he attends many of them. The Commission can be provided with regular briefings via a calendared Director's Report. The first briefing will be in February.

Commissioner Johns asked Mr. Martin if he was saying that the three prong approach is projecting out twenty years in terms of how to deal with congestion management.

Mr. Martin responded that it is out as far as 20 years. In the last 12 months Sonoma County added commercial service again and has been very successful. Monterey County Airport has also had some recent success with new flights. It's a pattern that we see at the New York Airports and the Los Angeles Airports where there is now five to seven really strong viable airports in those areas and that is what needs to happen in the Bay Area. We need to go beyond just having three strong commercial airports and going towards six or seven.

Commissioner Crayton asked who represents us on the Committee.

Mr. Martin responded that he is the member but Ivar and Danielle occasionally sit in for him.

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

4. Modification No. 3 to Contract No. 8136C - In-line Explosives Detection Baggage Inspection Systems at Domestic Terminals - D.W. Nicholson - \$1,150,000

No. 08-0013

Resolution approving Modification No. 3 to Contract No. 8136C, In-line Explosives Detections Baggage Inspection Systems at Domestic Terminals with D.W. Nicholson, in an amount not-to-exceed \$1,150,000 for construction and systems integration for improvements to the International Terminal Boarding Area A In-line EDS baggage handling system.

Mr. Ivar Satero, Deputy Director, Design and Construction said that he is requesting award of Modification No. 3 to D.W. Nicholson in the amount of \$1,150,000 for urgent initial improvements to the International Terminal EDS baggage handling system and technical studies to determine the scope and cost of further improvements to the International Terminal's System. This work is necessary to upgrade the technology because of the age of the system that was installed when the terminal opened in 2000, and specifically to improve the throughput of the Boarding Area A EDS System.

The initial improvements that we are proposing are necessary to provide sufficient baggage handling capacity to meet the current demand. At peak times we are finding that baggage is cascading back to the ticket counters and this demand is driven by the growth of the low cost carriers operating from the I.T. So, due to the age of the system and the outdated nature of the software and the control systems we can't meet this demand at peak times, so we feel that we should take some immediate steps to improve these components.

The modification will also provide for a study and modeling of the entire International Terminal system to determine what additional steps we should be taking to improve the capacity and throughput of system. We are also anticipating that it will be necessary to add a sixth in-line EDS machine at some point in the future. So, we are proposing to include an engineering study to determine the scope, cost and schedule for adding that sixth machine. We would then submit to the TSA for cost reimbursement for the installation of that machine and the related baggage handling system improvements.

Following completion of the near-term improvements and the engineering studies, staff will return to the Commission with a recommendation for further improvements to the system.

Funding will be provided from the Airport's Five-Year Capital Improvement Program. The contractor has met their 14% DBE goal established for the contract, however due to the specialized nature of this particular scope there aren't any DBE opportunities.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

5. Modification No. 7 to Professional Services Contract for Airport Management Consulting - Jacobs Consultancy - \$436,265

No. 08-0014	Resolution approving Modification No. 7 to Professional Services Contract with Jacobs Consultancy, Airport Management Consulting, to increase the scope of work for Concession Planning for Terminal 2 Redevelopment and the total not-to-exceed contract amount by \$436,265 from \$1,150,000 to \$1,586,265.
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Mr. Leo Fermin, Deputy Director, Business and Finance said that this item requests approval for work for the Concessions Program for Terminal 2. Previously, the Commission approved funding for the Retail Master Plan, which covered the International Terminal, Terminal 1 and Terminal 3 in the domestic terminal area, but not Terminal 2 since at the time no decisions had been made regarding Terminal 2.

The work for Terminal 2 covers not just the planning aspects which the International Terminal, Terminal 1 and Terminal 3 Retail Plan covers, but goes a step further and will cover the schematic and preliminary design development phases of the Food and Beverage and Retail spaces, which is about 30% of the full architectural services required. The balance of the work, including construction contract documents, will be handled by the T-2 Design/Build Team.

Commissioner Crayton asked if this a sole source contract. She didn't recall that.

Mr. Fermin responded that it was not a sole source contract. It was part of the pool of Airport Management Consultants that the Commission approved and created several years ago and it was part of the competitive selection process.

Commissioner Crayton asked if we are continuing with them because they already have the expertise or are in-house.

Mr. Fermin responded yes.

Commissioner Crayton asked if this creates a hold for this particular consultancy firm where others cannot come in to participate in that pool again. Do we go back and revisit this and try to add others to the consultancy pool?

Mr. Fermin responded that the pool has a limited life, although he does not recall how many more years they have authorized, but at the end of that period we will go through another selection process to update the Management Consultant Pool.

Commissioner Crayton asked Mr. Fermin to let her know how much more life this pool has left.

Mr. Fermin responded that he will.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

6. Authorization to Enter into Negotiations with the Highest Ranked Proposer for Telecommunications Services - AT&T

No. 08-0015 Resolution authorizing Airport staff to enter into contract negotiations with AT&T to provide Telecommunications Services to the Airport.

Ms. Theresa Lee, Deputy Director, Administration said that the Airport released an RFP in June, 2007 to solicit proposals to provide a variety of telecommunications services to the Airport such as local and wide area voice and data access, wireless voice and data access, as well as associated professional services such as RF spectrum and security audits.

Four proposals were received as a result of the RFP. Each proposal was reviewed based upon the RFP established criteria which included service delivery and support, experience and qualifications, references and interviews. AT&T was rated the highest followed by Sprint, Verizon and T-Mobile. Our selection panel included three Airport staff and the PUC Director for Information Technology. The individual ratings for each proposal were similarly ranked. HRC reviewed the requirements and has waived the LBE requirements. The proposed terms are for five years with two one-year options with the total not to exceed amount of \$7.5 Million for the five years.

Staff recommends Commission approval to commence contract negotiations with the highest ranked proposer and to return to the Commission for contract award.

Commissioner Guggenheimer asked why the HRC waived the LBE requirements and is that usual. It says that they waived the LBE requirements due to the complex nature of the services to be provided.

Ms. Lee believed that they look at the variety of local and disadvantage based providers and based on the scope of work outlined in the RFP have determined that there was not an opportunity for subcontracting goals in those areas.

Commissioner Crayton disagreed, explaining that Keeley Communications used to be on this contract and it is a minority vendor that worked at the Airport for many years with AT&T. In the area of telecommunications there are many minority contractors that have this kind of expertise. The only thing that I wanted to say is that this is the small at&t, not AT&T as presented on the proposal.

Also, noting the Executive Summary, it was actually AT&T broadband and TCG that were the providing the local services, it wasn't the AT&T.

Ms. Lee said that more details can be provided. Staff will have to connect with Sandra Crumpler.

Commissioner Crayton said that there are quite a few firms that could do this.

Mr. Martin asked if they are local firms.

Commissioner Crayton responded yes there are quite a few.

Commissioner Mazzola asked if maybe we could get the new HRC Director Chris Iglesias to figure this out.

Commissioner Johns asked for clarity as to the what kind of voice and data services these are.

Ms. Lee responded it is local telephone service as well as long distance. That is the reference to the local and wide area network.

Commissioner Johns asked if this is for Airport use?

Ms. Lee responded that it is for the Airport. We also have shared tenant services which we offer to all our tenants and they can purchase services and products from us. We generate about a \$1. Million annual revenue in those types of services. They can request a variety of broadband services or certain communication lines, as well as internet access.

Commissioner Johns asked if this effects the passenger's use of cell phones and data and that type of thing, or does it?

Ms. Lee responded that that is separate. The cell phone contract is with our Business and Finance division, however the WiFi that we currently provide can potentially be a service that this contractor can provide in the future.

Commissioner Johns said that she was trying to make the distinction between internal Airport use and passenger use.

Ms. Lee responded that 80% Airport Commission and tenants so the operators of those employers at the Airport, but some of the services do spill over for customer use, such as WiFi which is currently provided through T-mobile. Should we decide to re-open that contract down the road, those services could be provided through this contractor as well.

Commissioner Crayton assumed that they would be a monopoly at the Airport. Some time ago we entered into a contract with Alcatel ... didn't we?

Ms. Lee responded that Alcatel was for the electronic infrastructure of our communications network. These are actual voice services.

Commissioner Crayton said that it was important because of the integrity of the infrastructure that we go with that particular bid. She thought they were going to provide the telecommunications piece of it because of the intricate nature of the way it worked.

Ms. Lee said that they provide the fiber optic sonnet ring for our network communications infrastructure, not the service.

Commissioner Crayton said that as we look toward the future in this long term contract in terms of what they can do ... because the Airport does have some cable operations that ties us into more T1 lines ... are looking at dish in the future? That is the only way that they can provide cable operations to you.

Ms. Lee said that John Payne, CIO, can respond to that question.

Commissioner Crayton asked, in terms of the Airport's long term infrastructure, as we look towards future development in terms of looking at a total provider, how does that relate as you look at your telecommunications needs going forward.

Mr. Payne responded that this particular RFP and the negotiations that we entered into are looking at existing services. Going forward we would go back to the marketplace and probably do another RFP and commit a bid situation for new services down the road. This whole area changes so quickly that it would not be wise to try to predict what would happen five years from now across the board. So, we would go back to the marketplace and look at what would give us the most competitive rates and the broadest array of services going forward.

Commissioner Crayton asked if these are T1 lines too?

Mr. Payne responded yes. Some of the services provided under this negotiated contract would be T1 circuits. A number of vendors provide us circuits into our airline tenants' cable and wireless,... Sprint, MCI as well as AT&T through the tenants. This specific focus is internal to the Airport use.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 11, was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

7. Award of Boarding Area E Candy Kiosk Lease - Pacific Gateway Concessions, LLC - Minimum Annual Guarantee: \$182,000

No. 08-0016

Resolution awarding the Boarding Area E Candy Kiosk Lease to Pacific Gateway Concessions, LLC, for a minimum annual guarantee of \$182,000 for the first year of the lease, and a term for five years with two one-year options, exercisable at the sole discretion of the Airport Commission, and directing the Commission Secretary to request approval of the award from the Board of Supervisors.

8. Award of the International Terminal Automated Teller Machines Lease Bank of America - Minimum Annual Guarantee of \$75,000

No. 08-0017

Resolution approving the award of the International Terminal Automated Teller Machines Lease to Bank of America for a minimum annual guarantee of \$75,000 for the first lease year and a term of five years with two one-year options exercisable at the Airport Commission's sole discretion.

Commissioner Johns asked what fee they are going to charge folks for using this.

Mr. Fermin responded that it is the same \$1.50 fee for non-Bank of America users. There is no fee for their own bank customers.

9. Authorization to Issue a Request for Qualifications - Noise Insulation Consultant

No. 08-0018

Resolution authorizing the Airport to issue a Request for Qualifications for Noise Insulation Consultant.

10. Authorization to Issue a Request for Proposals for Contract No. 8837 - Drug Testing Services

No. 08-0019

Resolution authorizing staff to issue a request for proposals for Drug Testing Services and authorizing staff to conduct negotiations with highest ranked proposer.

11. Consent to Assignment of the New International Terminal Bookstore/Café Lease No. 99-0273

No. 08-0020

Resolution consenting to the assignment for the new International Terminal Bookstore/Café Lease NO. 99-0273 from Airport Management Services to Advent International Corporation under the existing terms and conditions.

Resolution consenting to the assignment for the new International Terminal Bookstore/Café Lease NO. 99-0273 from Airport Management Services to Advent International Corporation under the existing terms and conditions.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Commissioner Mazzola congratulated Commissioner Johns on her reappointment.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.


The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:27 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 5, 2008

9:00 A.M.

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
February 5, 2008

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AIRPORT COMMISSION MEETING MINUTES

February 5, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenhime

Absent: Hon. Larry Mazzola, President

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of January 22, 2008 were adopted unanimously.

No. 08-0021

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Public Hearing on Proposed Fiscal Year 2008/09 Operating Budget of \$658 Million

No. 08-0022 Resolution approving proposed Airport Commission Operating Budget in the amount of \$658 Million for Fiscal Year 2008/09.

Mr. Ben Kutnick, Director of Finance, presented the Operating Budget for FY 2008/09 of \$658 Million. This budget represents an increase of \$31.8 Million or 5.1% over the current year, \$20 Million of that increase is non-discretionary costs

such as salaries, fringe benefits, utilities, multi-year contracts. \$11.8 million is discretionary costs and those are increases to existing programs or new programs.

The Airport's proposed budget supports the Airport's desire to prepare the organization to meet anticipated enplanement growth due to three new low cost carriers and strong growth in international traffic, as well as the need to control costs and maintain competitive airline rates.

Contingent on our current revenue estimates we are looking at cost per enplaned passenger decreasing from the current year of \$13.60 to \$13.21 next year. We will be back the first meeting of May for rates and charges approval.

Salary increases are approximately \$7 Million and include 14 new positions and 2 deletions for a net addition of 12. Non-personnel costs are increasing \$8.7 Million, approximately 11%, and we are looking at an additional AirTrain operating cost of \$1.2 Million as the O&M contract with Bombardier is expiring February 2009 and we are expecting higher operating costs.

We are adding 48 new replacement vehicles to our fleet for approximately 400, this is the second year of our 8 year vehicle replacement plan. This should take us to approximately 38% alternative fuel vehicles ... CNG,hybrids and electric.

The Police Bureau ... an increase of \$3 Million, most of which is for salary and fringe benefits related to their MOUs.

Fire Department ... \$1.7 Million, 12% increase and a similar issue with the MOU.

Debt Service is increasing \$9.7 Million. This includes a \$10 Million debt service savings from the Issue 34 Refunding we are in the process of closing. It could be significantly higher without the Refunding.

The Annual Service Payment is increasing \$1.1 Million, or 4.5% which reflects strong anticipated concession and parking revenue growth.

Our budget is due to the Controller and Mayor's Office on February 21st and it will be before the Boards Budget Committee in May. We expect a fairly routine budget process this year.

Commissioner Ito asked what is the estimated decrease of the amount of money that is going to be generated from the rates and charges going down the 2.8% decrease? Was that based on again a projection of growth of the number of passengers? How does that relate to the estimate of growth?

Mr. Kutnick responded that we look at the rates and charges in November. We get a preliminary enplanement forecast and landing weight forecast from Jacobs. At the time they were projecting a 10% increase this year, 6.7% next year. That has been ratcheted down a little ... we are a little more conservative in the budget and are projecting a 9% growth this year and a 6.5% next year. That directly impacts parking and concession revenues that are growing. What we are finding is that next year the percentage that the airlines pay of our total budget remains at

39.3%, the same as the current year, even in spite of the additional cost growth on our operating budget. This is directly related to 3 new low cost carriers coming in which is pretty much unprecedented in airports around the country. It is a tremendous amount of growth that is going to drop off over the next 5 years to normal growth of about 3%.

Commissioner Ito asked if those projections are based on actual airlines that are here, and not including projections of additional airlines that may get on board?

Mr. Kutnick responded that the forecast is based on current airlines and does not contemplate any new carriers. We typically take the Jacobs forecast and back off a bit to make sure that we are much more conservative. This is a volatile market and lots of things can happen. The current year they were forecasting 10% growth, we in our budget forecast 5% growth for concessions. We expect to make that estimate this year and do better, but lots of things can happen.

Commissioner Johns asked if the 14 positions were new, or if they are unfilled positions that are going to be filled.

Mr. Kutnick responded that they are brand new positions. They are all across the Airport but most of them are in Facilities and dedicated to maintenance and repair of Airport facilities. We have a total of 1,374 positions so the new increase of 12 positions is pretty small.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Award of Contract No. 8757A - Design Build Services for Terminal 2/Boarding Area D Renovations - Turner Construction Company - \$29,940,350

No. 08-0023

Resolution awarding Contract No. 8757A, Design Build Services for Terminal 2/Boarding Area D Renovations to Turner Construction Company, in the initial amount of \$29,940,350.

This activity is within the scope of the San Francisco International Airport Master Plan Program approved by the Airport Commission on November 3, 1992. The Master Plan Program EIR prepared for the Master Plan Program adequately describes this activity and its potential environmental effects for purposes of the California Environmental Quality Act (CEQA).

Mr. Ivar Satero, Deputy Director, Design and Construction said that Contract No. 8757A will provide for design and construction services to complete the Terminal 2 project within the Airport's schedule requirements to add additional gate capacity. Upon completion, Terminal 2 will provide 14 gates to accommodate anticipated near-term growth of our low cost carriers and new entrant carriers as well as the

relocation of domestic flights that currently operate out of the International Terminal. This will allow for continued growth in international traffic and eventually the phased reconstruction of Boarding Area B and the relocation of those airlines from the International Terminal to Boarding Area B.

In response to the RFP for design-build services, the Airport received three proposals from large scale design build construction firms. The firms included Hensel-Phelps/HOK, Clark Construction/SOM and Turner Construction /Gensler in Association with Michael Willis.

In accordance with the RFP and City requirements, the criteria used to evaluate the firms were weighted 60% on cost and 40% on qualifications. For the qualifications evaluation, the Airport convened a five member selection panel to review the proposals, conduct the interviews and score the firms based on the review of the technical proposals and the firms performance in the interviews. The cost component was determined through a calculation based on the proposed design costs, proposed general conditions costs, and a percent multiplier for overhead and profit applied across the estimated subcontracted amount of \$250,000,000.

The scores were 946 for Turner, 935 for Hensel Phelps and 840 for Clark, with Turner scoring the highest, and representing the overall "best value" to the Airport for these services.

The initial award amount of \$29,940,350 will fund the design fee for \$13,917,750, the general conditions costs for \$12,022,600 and an initial amount of \$4,000,000 for preliminary construction activities including demolition/site investigations and condition assessments for the facilities.

At each stage in the award of trade packages, the contractor will be required to obtain a minimum of three bids for each package from prequalified bidders. Staff will return to the Commission with recommendations to award additional scope frequently throughout the process, with the recommendation to award to the low bid received of the three prequalified bidders.

At each stage of award, Staff will update the Commission on the schedule and cost forecast, in comparison to the established budget of \$321,000,000, with any recommended mitigation of cost and schedule requirements, as necessary. The total GMP will be known following the issuance and bidding of the final trade package on the overall contract.

For expediting certain critical elements of the project, similar to the initial allowance of \$4 Million that is included in this package, Staff may request Commission approval of a contract allowance in advance of bidding to avoid the administrative delay between receipt of bids and certification of the contract modification. This would only be for critical activities that may occur from time to time. In these instances, the authorization would be provided by the Director following the Commission's approval of that allowance amount.

The HRC LBE goals are separated between the design phase and the

construction phase. The HRC has set a goal for the design phase of 17%. The Gensler/Michael Willis joint association has proposed a 24.7% participation. The goal for construction phase is 15%. Airport staff will work with Turner and the HRC to develop the goals for each individual trade package so that in the totality they meet the 15% overall subcontracting goal for construction phase services.

Funding will be provided from the Airport's Capital Improvement Program. Project substantial completion is anticipated by August 2010.

The Airport, with the assistance of the City Attorney's Office, has successfully completed negotiations with Turner on the contract terms and conditions, therefore we recommend Commission approval of the resolution.

Commissioner Ito said that the process we are using for the subcontracting bids is slightly different than what we usually do, and asked how, in terms of the timeframe, will it impact their scheduling?

Mr. Satero responded that we have a schedule of issuing trade packages from which we will work so we will plan far in advance to build as much float in the issuing of the trade package and award by the Commission. However, there will be instances of activities falling along the critical path of the project where we may ask for Commission approval of an allowance up front. Steel procurement would be an example. We may have an estimate that we are comfortable with and will request authorization for an allowance of \$5 Million, for example, for procurement of steel. If the bids we receive are within a certain percentage of that allowance the Director will authorize a contract modification. We would then return to the Commission at the next Commission meeting to reconcile what happened, note discrepancies, and make any adjustments in the forecast.

Commissioner Ito asked how the guaranteed maximum price that is going to be determined later relates to the bid amount. Are we anticipating a contingency percentage?

Mr. Satero responded yes. The bid amounts cover design and general conditions costs. The general conditions cost covers all job supervision, site mobilization, site utilities and facilities. Everything else is intended to be subcontracted. So, each time we award a trade package for subcontracting we will add the 8.32% contractor's multiplier and that will be the award to that subcontractor. At each point we will add an owner's contingency and a contractor's contingency to make sure we are properly covered, and that will go into the overall job forecast.

The project budget has contingencies built into it that are owner controlled contingencies that we will manage both at the project level as well as the program reserve, similar to the Master Plan Contingency.

Commissioner Guggenheim asked if there are any penalties for late completion, noting that there are 972 days to final completion from notice to proceed. How can you possibly estimate that?

Mr. Satero responded that we did a preliminary schedule and three milestones

were set in the contract. Milestone 1 is for access for concessions buildout because we know how critical it is to get concessionaires in there early in order to meet the end date of the project. Milestone 2 is substantial completion, which is our ability to operate the facility. Finally, Milestone 3 is final completion and close out. To each milestone is a task to \$5,000 per day liquidated damages amount.

Commissioner Guggenheim asked Mr. Satero if he thought this project would be easily completed in three years once given the notice to proceed.

Mr. Satero responded, not easy, but it is a 30 month schedule to substantial completion. All three proposers developed plans that could meet that schedule so he has a fair level of confidence that Turner has thought the job through and believes that it is achievable. However there is probably going to be double shifting ... night work, day work ... some overtime required, things like that to make sure we meet the schedule.

Item No. 3 was moved by Commissioner Guggenheim and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. FY 2008/09 Airport Revisions to the Five-Year and Ten-Year Capital Plans and to Seek Appropriation Authority of \$632,883,649 for Capital Project Funding

No. 08-0024

Resolution: 1) approving FY 2008/09 Revisions to the Five-Year and Ten-Year Capital Plans and 2) authorizing the Airport to seek appropriation authority of \$632,883,649 for Capital Project.

Mr. Kutnick said that staff is requesting approval of the Five and Ten-Year Capital Plans and authorization for appropriations of \$632,883,649 to fund the Five Year Capital Program.

For the past seven years the Airport has focused on critical infrastructure and security and safety projects and hasn't issued any new debt since FY 2000 to support the Master Plan. The Airport is in need of significant investments in its capital assets as well as development of additional gate capacity, hence the T-2 project to address expected enplanement growth. The Five Year Capital Plan is \$919 Million; the Ten Year Plan is \$1.5 Billion. The Ten Year Plan is a City requirement which we provide every year. The Airport tends to focus on the five year horizon and developing a five year program, for which we will request financing.

Phase 1 of the Terminal 2 project was approved by the Commission in November for \$55 Million. The supplemental appropriation to support that is before the Board's Budget and Finance Committee on February 13 and we expect approval.

The Five Year Plan has been reviewed by the Airport's Financial Advisory Committee, the City's Capital Planning Committee, and the Airport Airline Affairs Committee, and we received MII approval from the airlines on December 24th for the majority of the Capital Plan, with the exception of \$325 Million for Phase 2 of

Terminal 2 which we expect in May. We will revisit the project with the airlines in April. They asked us to separate the project from the initial design and return to them in late Spring.

The major projects in the Five Year Plan include \$383 Million for the Terminal 2 project, and \$159 Million for airfield runways, taxiway improvements, reconstruction of various airfield areas, roadways, runway safety areas, airfield lighting and perimeter security systems.

\$61.8 Million for terminal facility improvements to replace aging interior and exterior facilities throughout the terminals. \$25 Million for central plant improvements to boilers, chillers and systems. \$40 Million in grant funded FAA control tower replacement. We have a \$1.5 Million in process doing a citing study with the FAA for the new tower.

Funding sources ... we expect to fund 71% of the \$919 Million Five Year Capital Program with \$648 Million of revenue bonds, \$165 Million in grants, \$70 Million of Passenger Facility Charge Revenues, and \$35 Million in interest income, and money from Operating Funds.

Financing Plan ... this is the first time in a long time that we will be in the bond market with new debt. Since 2002 we have done a series of Revenue Refundings that have saved the Airport to date between \$30 and \$40 Million. That along with the additional enplanements from our forecast allows us the capacity to issue new debt without significantly increasing our rates to airlines.

We will fund with new revenue debt \$383 Million to support the Terminal 2 project. The balance of the Capital Plan projects will be funded initially with Commercial Paper. We have a \$200 Million Commercial Paper Program with no outstanding Commercial Paper at this time. As projects become substantially completed we will replace them with long term debt. We expect to be at the next Commission meeting with a Supplemental Bond Resolution for the bonding capacity to support this program.

Commissioner Guggenhime asked if this has already been thoroughly looked at by the Airport's Finance Advisory Committee and the City's Capital Planning Committee.

Mr. Kutnick responded that it has.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 12, was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Modification No. 1 to the Reimbursement Agreement with Lawrence Livermore National Laboratory for the Airport's Air Cargo Explosives Detection Program - \$600,000

No. 08-0025

Resolution approving Modification No. 1 to the Reimbursement Agreement with Lawrence Livermore National Laboratory for the Airport's costs to provide project management, professional services, construction and extended maintenance as part of the Airport's Air Cargo Explosives Detection Pilot Program, in the estimated amount not-to-exceed \$600,000, subject to Board of Supervisor's approval.

5. Modification No. 5 to Contract No. 8679 - Air Cargo Explosives Detection Pilot Program - D.W. Nicholson Corporation - \$150,000

No. 08-0026

Resolution approving Modification No. 5 to Contract No. 8679, Air Cargo Explosives Detection Pilot Program, with D.W. Nicholson Corporation in an amount not-to-exceed \$150,000, to procure spare parts, and to provide high-tech maintenance for an extended duration.

6. Authorization to Enter into a Funding Agreement with Arc Ecology, Inc. for Planning and Environmental Studies - \$500,000

No. 08-0027

Resolution authorizing the Director to enter into a Funding Agreement with Arc Ecology, Inc. to provide funds for water quality planning and environmental studies for a wetlands and park development project at Parcel E, Hunter's Point, as mitigation for wetlands filled for Airport Master Plan and Airfield Improvements, in an amount not-to-exceed \$500,000.

7. Award Professional Services Agreement Contract 8690 - On-Call Environmental Consultant Services, Task Order No. 1 - Environmental Resources Management-West, Inc. - \$188,000

No. 08-0028

Resolution awarding Professional Services Agreement, Contract 8690, On-Call Environmental Consultant Services, Task Order No. 1 to Environmental Resources Management-West, Inc., in an amount not-to-exceed \$188,000.

8. Modification No. 2 to Professional Services Agreement, - Contract No. 8747 Airport Planning Services - HNTB Corporation - \$380,000

No. 08-0029

Resolution approving Modification No. 2 to the

Professional Services Agreement, Contract 8747, Airport Planning Services, with HNTB Corporation to increase compensation in an amount not-to-exceed \$380,000 to provide professional services to include Terminal 2 curbside simulation services, and additional as needed aviation planning support for a total contract amount not-to-exceed \$830,000.

9. Award of Contract No. 8764 - Airport-wide Construction Tasks - Proven Management, Inc. - \$766,157.80

No. 08-0030 Resolution awarding Contract No. 8764, Airport-wide Construction Tasks, to Proven Management, Inc., in the amount of \$766,157.80

10. Modification No. 1 to Professional Services Contract for On-going Swap Management Oversight Services - Swap Financial Group - \$250,000

No. 08-0031 Resolution approving Modification No. 1 to Professional Services Contract with Swap Financial Group to 1) increase the scope of work to include ongoing Swap Management Oversight Services; and 2) increase the contract by an amount not-to-exceed \$250,000 over the next three years for a total not-to-exceed contract amount of \$655,000.

11. Bid Call - Contract No. 8751 - Facility Renovations

No. 08-0032 Resolution approving the scope, budget, and schedule for Contract No. 8751, Facility Renovations, and authorizing the Director to call for bids when ready.

12. Accept and Expend Transportation Security Administration (TSA) Funding for the K-9 Explosives Detection Team Program - \$60,900

No. 08-0033 Resolution authorizing the acceptance and expenditure of Transportation Security Administration funding of the K-9 Explosives Detection Team Program of up to \$60,900.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the

Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

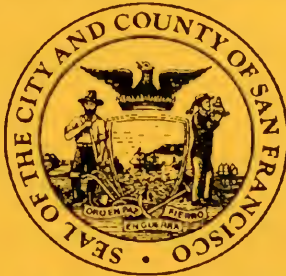
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

February 19, 2008

9:00 A.M.

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RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
February 19, 2008

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C.		ADOPTION OF MINUTES:		
		Regular meeting of February 5, 2008	08-0034	4
D.		ITEMS INITIATED BY COMMISSIONERS:		5
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Thirteenth Supplemental Resolution Providing for Issuance of Not-to-Exceed \$718,000,000 Aggregate Principal Amount of SFIA Second Series Revenue Bonds for Capital Plan Purposes	08-0035	5
	2.	Award Contract 8752 - Escalator and Electric Walk Repair and On-Call Service - ThyssenKrupp Elevator		5-10
	3.	Award Contract 8760 - Elevator Repair and On-Call Service - ThyssenKrupp Elevator		5-10
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	4.	Award Contract 8827 - Airport Facilities and Infrastructure Improvements - Bay Area Systems & Solutions, dba BASS Electric	08-0036	11
	5.	Award Contract 8110 - Runway Rubber Removal - Ackerman and Sons Co., dba Runway Services International	08-0037	11
	6.	Authorization to Exercise Both One-Year Options to Extend the Term of T-Mobile Wireless High Fidelity System Lease	08-0038	11
	7.	Bid Call - Contract 8771 - Terminal 3 Energy Efficient Lighting Improvements	08-0039	11
	8.	Modification No. 2 to Professional Services Agreement, Contract 8688 - Catholic Healthcare		

	West dba St. Mary's Medical Center	08-0040	11-12
9.	Authorization to Issue a Rental Credit to TRUX Airline Cargo Services for Repair and Replacement of a Roll-Up Door at Cargo Building 16, Plot 3	08-0041	12
10.	Modification No. 2 to Lease Agreement GS-09B-01545 with U.S. Government for U.S. Drug Enforcement Administration	08-0042	12
G.	NEW BUSINESS:		12
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	Potential Litigation		4
J.	ADJOURNMENT:		12

AIRPORT COMMISSION MEETING MINUTES

February 19, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Eleanor Johns
	Hon. Rich Guggenheimer

Absent:	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito

* * *

I. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:04 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:17 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 5, 2008 were adopted unanimously.

No. 08-0034

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Mazzola and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Thirteenth Supplemental Resolution Providing for the Issuance of Not-to-Exceed \$718,000,000 Aggregate Principal Amount of San Francisco International Airport Second Series Revenue Bonds for Capital Plan Purposes

No. 08-0035

Resolution approving the Thirteenth Supplemental Resolution providing for the issuance of not-to-exceed \$718,000,000 aggregate principal amount of San Francisco International Airport Second Series Revenue Bonds for Capital Plan purposes.

Mr. Leo Fermin, Deputy Director, Business and Finance said that the Commission approved the latest update to the Five Year Capital Plan at the last meeting. It was also previously approved by the Airport's Financial Advisory Panel and the City's Capital Projects Advisory Committee. This plan also passed the rigorous review by the airlines pursuant to the Lease and Use Agreement. The plan included the financing of \$648,000,000 of Capital Projects with new money revenue bonds. This will be the first time we have issued new money bonds since December 2000. With amounts needed for the debt service reserve fund and issuance cost, the total par amount is \$718,000,000. Sixty percent of this is for the Terminal 2 Renovation.

The action before the Commission is a resolution which amends the 1992 Master Bond Resolution to allow for these new money bonds. This Thirteenth Supplemental Resolution creates the general framework for these new money bonds. We would next have to return to the Commission for approval of each individual bond sale. Currently, our outlook is that we would need to do a bond sale sometime this summer for Terminal 2, then two years later sell additional bonds and do a final issuance two more years after that.

Item Nos. 2 and 3 were called together. Both items were put over after the discussion.

2. Award of Contract No. 8752 - Escalator and Electric Walk Repair and On-Call Service Contract - ThyssenKrupp Elevator - \$14,000,000

Resolution awarding Contract No. 8752, Escalator and Electric Walk Repair and On-Call Service Contract to the lowest responsive, responsible

bidder, ThyssenKrupp Elevator, in the amount of \$14,000,000.

3. Award of Contract No. 8760 - Elevator Repair and On-Call Service Contract ThyssenKrupp Elevator - \$8,000,000

Resolution awarding Contract No. 8760, Elevator Repair and On-Call Service Contract to the lowest responsive, responsible bidder, ThyssenKrupp Elevator, in the amount of \$8,000,000.

Mr. Ernie Eavis, Deputy Director, Facilities said that these two items before the Commission ... the first is the award of the annual maintenance contract for Airport escalators and moving walks, Contract No. 8752; the second item is the award of an annual maintenance contract for elevators, Contract No. 8760. Both of these contracts were bid on January 11, 2008 and both contracts had the same four bidders. ThyssenKrupp Elevator Company was the apparent low bidder for each contract. The apparent third lowest bidder Kone, Inc., filed a bid protest on both contract No. 8752 and No. 8760. The protest was based on the premise that ThyssenKrupp conditioned or qualified its bid based on modifications to the Airport's Insurance and Indemnification provisions.

The City Attorney's office has determined that ThyssenKrupp did not condition its bid and should therefore be awarded both contracts as the lowest responsive, responsible bidder. Contract No. 8752, which maintains 176 escalators and moving walks at the Airport, is for a five year period with award not to exceed \$14,000,000. Contract No. 8760, which maintains 170 elevators at the Airport, is also for five years at a not to exceed cost of \$8,000,000.

We are therefore asking for Commission approval of the two resolutions awarding these two contracts to ThyssenKrupp.

Mr. Dennis Viehweg, Senior Vice President for Kone, Inc. in the Western United States, said that Kone's protest was based upon the insurance clarification. That is important because based on the four bidders we are all signatories to the IUEC union so we all pay the same labor rates and the same costs. Bidders will include burden to their billings rates, and the majority of that burden is in your insurance. ThyssenKrupp clarified its bid which allowed them to remove a certain percentage of that burden. Based on the fast track of the project there wasn't enough time to determine if we would be required to have 100% of our burden in that billing rate.

Three out of the four companies took the stance that we would have to have 100% of the burden. Since that time it has been determined, based upon the structure and the way the contract reads, that a lot of the direction would be from the Airport so that would eliminate Kone on a risk side.

Based on this information Mr. Viehweg requested a re-bid. He believed that the Airport would find that the four bidders would remove burden from their labor rates potentially, and it would potentially save millions of dollars on this contract ...

approximately 60 - 65% of that burden rate is based on insurance. It would make sense to at least try to re-bid it because now all four of the companies understand that they would be able to remove a greater portion of the burden out of the billing rates which would directly result in a savings to the Airport.

Commissioner Mazzola asked why the burden would change. If it is an insurance rate it would seem that you are guessing out some years what it will cost. The burden to me might even be more.

Mr. Viehweg responded that the contract was written so that the Airport will direct the mechanics rather than the company having its own maintenance program. The company's liability will not be as great in the event of a slip and fall resulting in a claim because they are following the City's recommendations. Based on the fast track of the bid there wasn't enough time to get a directive from their insurance carrier prior to the bid, but they now know that they don't need all that burden in the billing rates ... nor would the other companies. ThyssenKrupp didn't take the full burden out, they took a small percentage based upon their clarification. If the contract is re-bid he believes the Commission would fine a significant reduction in the actual billing rates because the burden can be removed.

Commissioner Guggenhime asked Mr. Viehweg if what he was saying was that when Kone bid you assumed, and advised your insurance company accordingly, that any risk would fall on you, and you are now saying that because the maintenance directions will come from the Airport, you are not making the recommendation or implementing your view on how to fix something, you are following instructions.

Mr. Viehweg responded yes.

Commissioner Guggenhime asked Mr. Viehweg if his view is that the insurance rate or price quoted by your insurance company would be dramatically different because you are an agent of the Airport. Is that basically your position?

Mr. Viehweg responded that it is.

Commissioner Johns said for all of this maintenance Kone is saying that the company only does it at the direction of the Airport. While doing some maintenance you might see something else that Airport staff is not aware of, but that wouldn't be part of your responsibility or liability.

Mr. Viehweg responded that if it was a full maintenance contract where we are 100% liable for everything we set up the maintenance plans, we set up the programs and initiatives to ensure reliability and safety of the escalators. The way this contract is set up is that we will follow what the City tells us to do regarding doing the contracts. We will obviously get feedback if there were specific issues that need to be addressed. If we blatantly ignored or did not provide that information we would be liable, but that is a very small risk factor compared to being 100% liable for any potential slips and falls that would occur.

Commissioner Guggenhime asked Mr. Viehweg what his estimate would be of the

reduction because of insurance rates to Contract No. 8752, at \$2.8 million a year over 5 years.

Mr. Viehweg responded that it was all based on hours so he would be more comfortable in looking at what the hourly percentage discount could be. He assumed, making it clear that it was his perspective, that we are probably looking at between 15-20% further reduction in the hourly rate. You would then take all the hours that are projected and then obviously that is a roll-up to that.

Mr. Martin asked Mr. Eavis for his comments.

Mr. Eavis said that Kone has been working at the Airport for a number of years and they currently have a service contract. Vertrans used to have the other portion of the contract. Vertrans sold their business to ThyssenKrupp. So, both of the two contractors we are talking about are currently working at the Airport. They both knew the way this was set up. It is not a pure maintenance contract where the maintenance contractor is responsible for all of the elevators and escalators. We, the Airport, set the schedules working with them because there are certain times of the year and certain times of the day where we can't just close things down because it is time for maintenance. We try to schedule work in accordance with the best maintenance schedules, but also taking into consideration the passengers, where the work will affect the most people. So, we do tell them what to take care of and at what times and because we do that it puts more of a burden on the Airport, but we figured that's the only way that we can actually get the performance that we really need.

Commissioner Guggenhime said that the thrust of the gentleman's position is that the Airport is paying more money because it is his view that at least three of the four bidders misinterpreted the insurance responsibility burden. He asked Mr. Eavis' view on that.

Mr. Eavis responded that his view is that Kone has been working at the Airport for a long time and they should understand what that burden is as well as anybody else.

Commissioner Johns said that she was not clear what was specified in the bid documents that were given out regarding the insurance requirement or what the liability was going to be.

Mr. Eavis said that the bid documents contain a boilerplate insurance policy that is the same for each contract. The amount in the contract, be it \$2 Million or \$5 Million, might change but it is the same boilerplate that we use contract after contract. It doesn't change for each and every contract.

Mr. Martin asked if the bid documents were clear that the contractor's would take direction from our maintenance staff.

Mr. Eavis responded that he thought it was quite clear to the bidders.

Mr. Viehweg said that their current contract is full maintenance, meaning that it is

not a labor contract. Kone has been at the Airport since they did the International Terminal. The contract that was set up was based on the bid for new installation so that contract has always been full maintenance. Full maintenance means they are 100% liable for parts, labor, we direct our crews based upon specific duties and tasks that we want them to perform. The only part of the labor only contract at the Airport was the Vertrans piece which was the old terminal. ThyssenKrupp and Kone, currently at the International Terminal, are under a full maintenance contract so this labor only contract is now being incorporated in the entire amount.

Commissioner Mazzola asked how they handle the insurance on the contract that they now have. Wouldn't it be the same as you would handle it under these bids?

Mr. Viehweg responded no because they have a lot more risk under the current contract. The City pays more per month for our contract, but their risk is significantly higher under the current contract versus this labor only contract. They don't pay for any materials or anything like that.

Commissioner Johns asked what Kone's bid protest is based on.

Mr. Viehweg responded that it is based on the clarification ... ThyssenKrupp clarified their insurance basically giving them time to pull burden out of your costs. Since the contract bid Kone received clarification from its insurance company indicating that they would be able to take the burden out because there is not the risk under this new contract. Three out of the four companies did not clarify and they bid it with full burden ... that is the basis for the protest.

Mr. Mazzola said that Mr. Viehweg raises an interesting point and if he is correct the Airport and the City could save a lot of money by rebidding this. He asked Mr. Eavis how long it takes to re-bid it and what critical path we are in now.

Mr. Eavis responded if we were to re-bid it we would extend the existing contracts that we have for a longer period of time. If they promise they will lower their price 25% then we will re-bid it, but it is a crap shoot.

Commissioner Mazzola said Mr. Viehweg is representing that it would be between a 15 and 20% savings. That's a lot of money..

Mr. Martin said that it is one company that brought this up at the very last minute. They didn't submit it in writing. He asked Mr. Eavis if there is any reason to expect a 25% reduction in bids.

Mr. Eavis responded that he did not.

Mr. Martin said that it is troubling for a bid integrity process ... we bid this, we have a low bidder, no one submitted a protest in writing, and now on the basis of one person submitting an oral argument at the last minute, to throw out the entire process just doesn't seem fair to the other bidders and doesn't seem fair to maintaining the integrity of our process.

Commissioner Guggenhime agreed with Mr. Martin. The only reason he would

move for a re-bid would be that the Airport could save a substantial amount of money, but you don't think that is correct.

Mr. Martin said that we was relying on Ernie's view.

Commissioner Johns expressed concern that there was something that was not clear and maybe we have raised an insurance issue here today that has not been thought about before. Whether it could save 5%, 10%, 15% or 20%, it is an issue that needs to be clarified.

Mr. Martin said that because a bidder didn't submit their comments in a timely written we should remove it from the calendar so we can research it and provide the Commission with a written explanation and a recommendation.

Commissioner Johns said that it is important to clarify this insurance issue for the future so that we know where liability lies in terms of who gave what direction or what maintenance responsibilities they had.

Mr. Rob Maerz, Airport General Counsel, said that the insurance provision that is in the existing contract and was included in this bid package is the same insurance provision, so that hasn't changed.

Commissioner Johns asked is it at the direction of or is it something else?

Mr. Maerz responded that is not the insurance provision, it is the scope of work, so that is a distinction. Second, the notion that ThyssenKrupp gained a competitive advantage because they had an opportunity to submit a clarification and then got feedback from the Airport that allowed them to reduce their price, that is not, in fact, what happened. They submitted their bid price, they said they are going to stand by it. The clarification was irrelevant as to what they bid so he is not sure what the connection is there.

Commissioner Johns understood that and that is why she asked the question about the basis of their bid protest.

Mr. Maerz responded that the basis of the bid protest was that they had submitted a qualified bid.

Mr. Martin said that he would take the Kone comments not as a bid protest but as a suggestion that the Airport can save a lot of money as they will lower their price by 20-25% if we rebid. We will research that and get back to the Commission. This is a different kind of argument than we typically here from a bid protest.

Commissioner Mazzola said that these bids are not that far apart.

Mr. Martin said that if he were a number two or three bidder he would love to have another chance at rebidding it as well.

Commissioner Johns said that it would be helpful if that one point could be clarified.

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Items No. 4 through 10 were moved by Commissioner Johns and seconded by Commissioner Mazzola.

4. Award of Contract No. 8827 - Airport Facilities and Infrastructure Improvements - Bay Area Systems and Solutions, dba BASS Electric, Inc. - \$424,439.05

No. 08-0036 Resolution awarding Contract No. 8827, Airport Facilities and Infrastructure Improvements, to the lowest responsive, responsible bidder, Bay Area Systems and Solutions dba BASS Electric, Inc., in the amount of \$424,439.05.

5. Award of Contract No. 8110 - Runway Rubber Removal - Ackerman and Sons Company, Inc. dba Runway Services International - \$210,000

No. 08-0037 Resolution awarding Contract No. 8110, Runway Rubber Removal, to the lowest responsive, responsible bidder, Ackerman and Sons Company, Inc dba Runway Services International in the amount of \$210,000.

6. Authorization to Exercise Both One-Year Options to Extend the Term of the T-Mobile Wireless High Fidelity System Lease

No. 08-0038 Resolution exercising both one-year options to extend the term from March 1, 2008 thru February 28, 2010 of the T-Mobile USA, Inc., Wireless High Fidelity System Lease.

7. Bid Call - Contract No. 8771 - Terminal 3 Energy Efficient Lighting Improvements

No. 08-0039 Resolution approving the scope, budget, and schedule for Contract No. 8771, Terminal 3 Energy Efficient Lighting Improvements, and authorizing the Director to call for bids when ready.

8. Modification No. 2 to Professional Services Agreement - Contract No. 8688 Catholic Healthcare West dba St. Mary's Medical Center - \$312,000

No. 08-0040 Resolution approving Modification No. 2 to Contract No. 8688 to revise the contract cost reimbursement methodology to address increased cost of living

expenses and wages for an increase of \$312,000 for a total not-to-exceed contract amount of \$2,547,000 through June 30, 2009.

9. Authorization to Issue a Rental Credit to TRUX Airline Cargo Services for Repair and Replacement of a Roll Up Door at Cargo Building 16 on Plot 3 - \$5,344

No. 08-0041

Resolution authorizing issuance of a Rental Credit to TRUX Airline Cargo Services in the amount of \$5,344 for completion of repair and replacement of a roll up door at Cargo Building 16 on Plot 3.

10. Modification No. 2 to Lease Agreement GS-09B-01545 with the U.S. Government for the U.S. Drug Enforcement Administration

No. 08-0042

Resolution approving Supplemental Lease Agreement No. 2 to Lease Agreement GS-09B-01545 with the U.S. Government for the U.S. Drug Enforcement Administration to extend the term of the lease and modify the rent for space occupied by the U.S. Drug Enforcement Administration.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

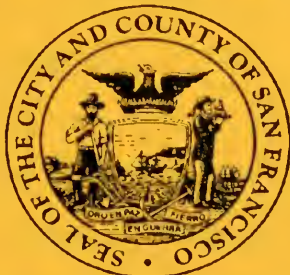
There was no discussion by the Commission

* * *

J. ADJOURNMENT:


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 4, 2008

DOCUMENTS DEPT.

9:00 A.M.

MAR 19 2008

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President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
March 4, 2008

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H.	CORRESPONDENCE:	10
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AIRPORT COMMISSION MEETING MINUTES

March 4, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

Hon. Linda S. Crayton, Vice President arrived at 9:15 AM during the closed session.

Absent: Hon. Larry Mazzola, President

* * *

K. CLOSED SESSION:

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:01 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Airis SFO, LLC; Airis Holdings, LLC; and Duane Morris, LLP v. CCSF, San Mateo Superior Court Case No. 448274; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:32 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of February 19, 2008 were adopted unanimously.

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

1. Award of Trade Bid Package Set No. 1 to Contract No. 8204A - Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G - Hensel Phelps Construction Company - \$5,447,810

No. 08-0044	Resolution awarding Trade Bid Package Set No. 1 (Bid Packages 1 through 9) to Contract 8204A, Design-Build Services for Secure Connector, Terminal 3 to Boarding Area G with Hensel Phelps Construction Co., in the amount of \$5,447,810.
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Mr. Ivar Satero, Deputy Director, Design and Construction said that in October, the Commission awarded Contract 8204.A - Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G to Hensel Phelps. The initial award in the amount of \$2,930,000 provided for design services, general condition costs and an initial allowance of \$450,000 for early construction activities or to expedite certain critical activities. In accordance with the administrative code, all of the trade work is required to be competitively bid by the contractor to a minimum of three pre-qualified bidders. The final value of the contract is known and determined following the bid award of the final trade bid package.

The design of the Secure Connector has progressed to a point where the initial set of trade packages can be bid and awarded. Hensel Phelps has bid out the first nine bid trade packages for site fencing, building site demolition, piles, reinforcing steel, structural steel, metal decking, concrete, fireproofing and conveyances. A minimum of three bids were received for each bid package, and sometimes four bids were received.

The proposed award of Trade Bid Package Set No. 1 to the listed subcontractors in Attachment A in the amount of \$5,447,810 is within the overall budget for this work. Staff has reviewed the bids and determined that they are responsive and appropriately reflect the trade scope of work.

Based on the bid results of Bid Set No. 1, the Airport is forecasting a cost at completion of \$16,136,603. The current budget for these services is \$16,700,000.

The contract substantial completion date is December 12, 2008.

Funding will be provided from the Airport's Capital Improvement Program and Federal Funds. Due to the federal funding component, there are no HRC LBE subcontractor participation goal requirements. However, the Airport's Small Business Affairs Office is working with the contractor to encourage LBE subcontractor participation in the trade bid packages.

Commissioner Crayton said that she was glad to know that even though it is a Federal contract we are recommending the contractor try to have some subcontractor participation goals.

An amended resolution was submitted for Item No. 2. The item was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Amendment to Revenue Bond Sale Resolution No. 05-0182

No. 08-0045	Resolution amending previously adopted Issue 2008A Refunding Bond Sale Resolution to increase the principal amount of the bonds by \$504,775,000 from \$670,000,000 to \$1,174,775,000; approve certain features of the refundings; and approve the execution and delivery of necessary documents and taking other necessary actions.
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Mr. Leo Fermin, Deputy Director, Business and Finance said that the item before the Commission was reviewed with the Airport's Finance Advisory Panel, and the Panel approved this recommendation last week.

As background to this item, about 5 years ago we developed a strategic plan which had at its core a coordinated effort to get airline costs down from its peak when the Master Plan was completed. This was important in order to attract new airline service as well as to retain existing service.

One important component to this strategic plan was the need to reduce debt service costs, and a very successful tool that we used was variable rate refinancings. Since 2004 these refundings saved the Airport \$92.6 million in debt service costs.

Now it's time to make an adjustment to our variable rate portfolio. The bond insurers which insure our variable rate paper have had their credit ratings downgraded because of their exposure to mortgage-backed securities. In turn, this has caused recent resets of interest rates on our variable rate notes to reset higher. To avoid this higher interest cost, we plan to refund our variable rate debt into a combination of fixed rate bonds and variable rate demand notes which use a Letter of Credit and the two remaining bond insurers not exposed to the sub-prime mortgage crisis and which retain their AAA credit rating.

The resolution before the Commission increases the refunding authorization and makes other amendments necessary to enable our financing team to make these changes. These include three amendments to the Master Bond Resolution. The first amendment reaffirms the previously approved Debt Policy limit of having no more than 20% of our debt portfolio in unhedged variable rate debt. It also reaffirms the requirement in the approved Interest Rate Swap Policy which limits the use of swaps to no more than 20% of our debt. The second is a technical amendment clarifying the minimum amortization term of bonds held by the letter of credit bank. The third amendment requires a bond insurer to consent to refunding bond documents if the new refunding bonds carry their insurance.

Commission Guggenhime assumed that we have to do this in terms of the credit crunch and interest rates going from 3% to 10% and higher.

Mr. Fermin concurred.

Item No. 3 was put over without discussion.

3. Authorization to Negotiate a Contract with DAJA International, LLC for Staffing and Managing the Airport's Curbside Management Program

Resolution authorizing Airport staff to negotiate a contract with DAJA International, LLC for staffing and management of the Airport's Curbside Management Program for one year commencing July 1, 2008, with a one-year renewal option and a subsequent half-year renewal option exercisable at the sole discretion of the Commission.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Authorization to Conduct a Request for Proposals Process for Airport Risk Assessment for Fiscal Year 2007/08

No. 08-0046

Resolution authorizing staff to conduct a pre-proposal conference and accept proposals for the Airport Risk Assessment competitive solicitation.

Mr. Fermin said that this item requests approval to conduct a competitive selection process for a risk management consultant to do a risk assessment for the Airport. The risk assessment will review not just potential exposures involving safety and security, but at least 14 areas ranging from financial matters to business practices to construction safety. The consultant will interview management staff who oversee activities associated with risk, review our existing procedures and documentation, and estimate our potential liability exposures.

The risk assessment and the threat and potential losses profile it creates will be used in our risk management efforts, and help us determine which potential risks can be transferred to other parties through means such as insurance or performance bonds, or through other mitigating measures.

Our current year's operating budget includes a budget of \$100,000 for this assessment. Our goal is to return to the Commission for approval of the contract before the end of this fiscal year.

Commissioner Johns asked if the Airport has its own Risk Manager.

Mr. Fermin responded that we have recruited a Risk Manager who starts this week. We have been searching for the last year and we have worked very closely with the City's Risk Manager who handled all of our risk activities.

Commissioner Johns asked if our Risk Manager will be working in conjunction with the City's Risk Manager to assess risk for the Airport.

Mr. Fermin responded that we work very closely with the City's Risk Manager in all aspects of Risk Management as well as insurance procurement.

Commissioner Johns asked if this is the first time we have had our own Risk Manager.

Mr. Fermin responded it is.

Commissioner Johns asked if this was a new position last year or was it among the new positions we authorized for this year.

Mr. Fermin responded that it was added to the last years budget but it has taken us a long time to go through the recruitment process and identify a good candidate.

Commissioner Crayton asked if there are special head hunting firms that look for risk managers. Are there other airports that have risk managers that we look to?

Mr. Fermin responded that we used the City's executive recruitment firm which fills a lot of Business and Finance positions in general, not just specifically risk management positions. Other airports throughout the country and outside of the U.S. have their dedicated risk management staff. Risk management is a very strong component of airport management and business practices.

Commissioner Crayton asked if additional staff will be added to assist this Risk Manager.

Mr. Fermin responded that at this time we will use existing staff to assist this Risk Manager.

Mr. John Martin, Airport Director added that this is a mid level management position.

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 8, was moved by Commissioner Johns and seconded by Commissioner Guggenlime.

5. Bid Call - Contract No. 8315B - Airport Facilities Miscellaneous HVAC and Mechanical Improvements

No. 08-0047 Resolution approving scope, budget, and schedule for Contract 8315B, Airport Facilities Maintenance HVAC and Mechanical Improvements, and authorizing the Director to call for bids when ready.

6. Bid Call - Contract No. 8350A - Electrical Distribution Cable Replacement

No. 08-0048 Resolution approving the scope, budget, and schedule for Contract No. 8350A, Electrical Distribution Cable Replacement, and authorizing the Director to call for bids when ready.

7. Bid Call - Contract No. 8495 - Electrical Substation Security System

No. 08-0049 Resolution approving the scope, budget, and schedule for Contract No. 8495, Power Distribution Station Security System, and authorizing the Director to call for bids when ready.

8. Acceptance and Expenditure of Transportation Security Administration (TSA) Funding of the K-9 Explosives Detection Team Program of up to \$400,000

No. 08-0050 Resolution authorizing the acceptance and expenditure of Transportation Security Administration Funding of the K-9 Explosives Detection Team Program of up to \$400,000.

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

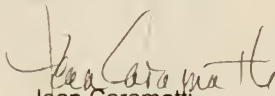
H. CORRESPONDENCE:

There was no discussion by the Commission.

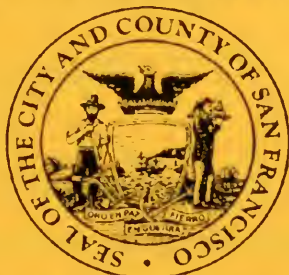
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

March 18, 2008

DOCUMENTS DEPT

9:00 A.M.

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GAVIN NEWSOM, MAYOR

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RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128

Minutes of the Airport Commission Meeting of
March 18, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:		4
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	1.	2007 William R. O'Brien Award for Employee Excellence - Ben Kutnick	08-0052	4-5
	2.	2007 Airport Commission Team Recognition Service Award - "New Airport Service Project Team"	08-0053	5-6
	3.	Commendation for Samuel Craig for 30 Years of Service with the SFPD	08-0054	6-7
E.		ITEMS INITIATED BY COMMISSIONERS		7
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	4.	Award Contract 8752 - Escalator and Electric Walk Repair and On-Call Service Contract - ThyssenKrupp Elevator	08-0055	7-8
	5.	Award Contract 8760 - Elevator Repair and On-Call Service Contract - ThyssenKrupp Elevator	08-0056	7-8
	6.	Authorization to Negotiate Contract with DAJA Intn'l, LLC for Staffing and Managing Airport's Curside Management Program	08-0057	9-10
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	7.	Award contract 8528 - Millbrae Drainage Pump Station Improvement - Schembri Construction	08-0058	10
	8.	Modification No. 1 to Contract 8486 - Airport- wide Security Systems Improvements - Liberty Electric	08-0059	10

9.	Bid Call - Contract 8641 - Storm Drain System Improvement	08-0060	10
10.	Bid Call - Contract 8256C - Storm Drainage Pump Stations 17 & 18 Electrical Power Installation	08-0061	10-11
11.	Design Approval for Artwork at Boarding Area G, Gate 91, International Terminal	08-0062	11
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I.	CORRESPONDENCE:		12
J.	CLOSED SESSION:		
	Potential Litigation		12
K.	ADJOURNMENT:		12

AIRPORT COMMISSION MEETING MINUTES

March 18, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 4, 2008 were adopted unanimously.

No. 08-0051

* * *

D. SPECIAL ITEMS:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. 2007 William O'Brien Employee of the Year Award

No. 08-0052 Resolution commending Ben Kutnick on his outstanding level of dedicated and professional service to the Airport.

Mr. John L. Martin, Airport Director said that Ben Kutnick is the winner of the 2007 William O'Brien Employee of the Year Award, recognizing him for his outstanding dedication and service to the Airport. Ben has served as Finance Director since 2003 and has been employed with the City since 1976. Previously he served as CFO for the Port for many years as well. Ben has done an outstanding job for the Airport in strengthening the Finance team, strengthening the procedures and developing new systems. He has done a tremendous job and has earned a great respect of his employees and fellow managers at the Airport. We thank Ben for his outstanding work in recognizing him with this award.

Commissioner Mazzola congratulated Mr. Kutnick.

Mr. Kutnick said that he wanted to thank the Commission. It is a really a great honor to receive this award and not something that he was expecting. Mr. Kutnick thanked his staff saying that if it weren't for them he wouldn't be here today. It speaks to the incredible work they do. They can make almost anybody look good. It is particularly satisfying that he was nominated by his staff. He didn't realize what creative writers they were in this nomination. It is a great group of people to work with and the Airport should be very proud of them.

Mr. Kutnick thanked Mr. Martin and Mr. Fermin for their support these past years explaining that he could not have been effective in this job without it. He thanked the rest of the staff, from Deputies to secretaries, who have made it a pleasure to work at the Airport. They were extremely helpful in getting things done.

Mr. Kutnick also recognized the other nominees .. they are wonderfully qualified people and any one of them could have won this award and nobody would have thought any differently.

Mr. Kutnick again offered his thanks and said that this is been a pretty special award and a pretty special day for him.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

2. 2007 Airport Commission Team Recognition Service Award

No. 08-0053	Resolution commending the "New Airport Service Project Team" on their outstanding level of dedicated and professional service to the Airport.
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Mr. Martin asked the members of the team to step forward. There are quite a few members on this team, although not all of them are present. The members of the International Aviation Development Marketing and Community Affairs Division are: Mela Armstrong, Matilda Fernandes, Stephanie Griffiths, Christina Ho, Jeff Hoglind, Sara Magoffin, Mike McCarron, Greg Moix, Joyce Satow, Chap Solomon and Jane Sullivan. From Aviation Management: Diane Artz, Dorothy Bong-Shao, Diana Chow, Joe Codina, Gary Franzella, Dan Ravina, Teresa Rivor, Dorothy Schimke and Martin Slater. From the Operations Management and Common Use Terminal Systems Section: Gerry Alley, Lew Chee, Dennis Neves and Henry Thompson.

This group played the key role in our great success in 2007 in attracting new carriers. In 2007 we had JetBlue, Virgin America and Southwest all start service with 47 new flights a day. In addition on the International side Aer Lingus started new service. From all of the new airlines that have started service he has heard from them that they have never seen such support and service from our staff as they have experienced at our Airport. He is very proud of the job they have done. As a bottom line number, in the month of January we had 13% year over year

growth in passenger traffic. He believes it may be the highest in the country and it is this team that really contributed to that success. He thanked them for their work.

Mr. Mike McCarron, Community Affairs said it was a great team to work with.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Commendation for Samuel Craig for 30 Years of Service with the San Francisco Police Department

No. 08-0054

Resolution commending Samuel Craig for 30 years of service with the San Francisco Police Department.

Mr. Martin said that Deputy Chief Craig started with the Police Department in the City in 1978. He has 30 years total service to the City and to the Airport. Sam moved to the Airport as a Lieutenant in 1995, joining the Airport Bureau. It is relatively rare for someone to move from the SFPD to the Airport Bureau at that time. He became a great asset to the Airport immediately, particularly with the merger with the SFPD.

Sam, as a Lieutenant, played a key role in the successful merger of the two departments. He was promoted to Commander on June 14, 2004 and then to Deputy Chief in charge of the Airport Bureau on February 10, 2007. He has 13 years of service at SFO. He has been a tremendous leader and team player in helping to promote team work among all of the different Federal agencies, the business entities, and the airlines and working closely with Airport Staff. He had a cooperative approach which was successful in strengthening both the security function overall as well as law enforcement at the Airport. We will miss Sam and thank him for his outstanding contributions to the Airport and the City.

Commissioner Mazzola congratulated Mr. Craig.

Commissioner Crayton said that she has witnessed his teamwork, dedication and diligence. She has met him on many occasions and witnessed him at the Airport and other city departments with his fellow officers and made her very proud. She knows he will be missed in the Airport community because of his care for the passengers and for what he has done at the Airport.

She said that he was her neighbor and she was safe as long as he was there. As soon as she moved out she was robbed at gun point. They have had a wonderful association over the years and she is excited to have met him and been a part of his time at SFO. Team work, team player ... those are the kind of words that really embody people that help to make a difference and make the Airport a better place, so I thank God for him.

Mr. Samuel Craig thanked the Director for the opportunity and the support he and his staff have given him over the past 13 years. It was a challenging experience

coming from downtown, but it was also a learning experience. It is a very professional organization and he enjoyed himself very, very much. He is not leaving the City he is just moving onto a new career of traveling and enjoying time with his grandkids. He does miss the Airport and he purposely stayed away so he wouldn't come out of retirement again. He is sure that there are those who will figure out some way for him to continue to work and he looks forward to doing something with the Airport in the near future. Thank you very much.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item Nos. 4 and No. 5 were called together and were moved by Commissioner Johns and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

4. Award of Contract No. 8752 - Escalator and Electric Walk Repair and On-Call Service Contract - ThyssenKrupp Elevator - \$14,000,000

No. 08-0055 Resolution awarding Contract No. 8752, Escalator and Electric Walk Repair and On-Call Service Contract to the lowest responsive, responsible bidder, ThyssenKrupp Elevator, in the amount of \$14,000,000.

5. Award of Contract No. 8760 - Elevator Repair and On-Call Service Contract ThyssenKrupp Elevator - \$8,000,000

No. 08-0056 Resolution awarding Contract No. 8760, Elevator Repair and On-Call Service Contract to the lowest responsive, responsible bidder, ThyssenKrupp Elevator, in the amount of \$8,000,000.

Mr. Ernie Eavis, Deputy Director, Facilities said that these two items appeared before the Commission at its February 19th meeting. At that time a representative from Kone addressed the Commission saying that they misinterpreted the insurance requirements and if we were to re-bid the contract they would submit a lower bid. As the Commission's direction to take a look at this, staff did the following: the City Attorney's office reviewed the contract language in light of Kone's representations; we asked Kone to explain more fully why they believed the insurance costs would be less; we asked the apparent low bidder, Thyssen, if its insurance rates could be effected by the relevant contract language regarding the work; and we consulted the City's Director of Risk Management regarding whether insurance rates are effected by the contract language which stated that

the work was to be done under the direction of Airport Maintenance staff.

The main focus of what we found out was that the insurance rates would only be effected if we tell the contractor how to do the work, it is not effected by telling them what work to do. Both the City's Risk Manager and our Legal Department agreed that it makes very little difference if we tell them which elevators to work on. If we told them to change certain parts, or recondition a part rather than replace it, then it would have an effect on the insurance rates, but we aren't doing that. Since we are just telling them what things to work on that day, the Risk Manager and City Attorney said it wouldn't make any difference.

Kone was sent a letter on February 27th requesting that they explain and elaborate on what they meant when they said they would lower their rates, but they never responded. Thyssen responded to that same request by saying that they carry their insurance on a regional basis and bidding on one job or another doesn't change their insurance. They carry insurance for their company so if they were to re-bid they wouldn't be changing their insurance requirements for this job.

Commissioner John thought it was telling that Kone didn't respond, however, she thought that when the gentleman came forth at the last meeting that there was some question. The only suggestion she had is that the word "directed" as it is used in future RFPs, etc., that we be more careful about that language.

Mr. Eavis responded that we will do that.

Mr. Donovan McKeever, Branch Manager for ThyssenKrupp Elevator said that at the last Commission meeting the gentleman from Kone spoke and, although he wasn't present at that meeting, he believed that the gentleman from Kone misled you as to our intentions on these contracts. ThyssenKrupp is the apparent low bidder according to the City's process and specifications. The process for this bid began with a mandatory pre-bid meeting which Kone did not attend. The meeting was subsequently changed to non-mandatory allowing Kone to bid. After the bids became public Kone protested our bids on the merits of a single page document we submitted entitled Proposed Clarifications. In a letter to us dated January 15th the City stated that clarifications proposed by bidders that changed terms and conditions cannot be integrated into the contract. In that same letter the Airport requested that we either accept the terms and conditions outlined in the bid documents in their entirety or withdraw the Proposed Clarifications. ThyssenKrupp withdrew the Proposed Clarification page on January 18th therefore accepting all terms and conditions outlined in the bid documents. In confirming their intentions that they are in agreement to all of those, Kone's protest was then overruled and ThyssenKrupp was and is the qualified low bidder for these contracts.

The process for these bids has been fair and while Kone would like the Commission to believe that it is in the City's best interest to re-bid these contracts, he disagreed. The time and effort it took to arrive at this point for both the City and the companies involved is substantial and he therefore urged the Commission to award these contracts to Thyssen.

Ms. Rosalind Stewart, ThyssenKrupp, declined to speak.

Item No. 6 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

6. Authorization to Negotiate a Contract with DAJA International, LLC for Staffing and Managing the Airport's Curbside Management Program

No. 08-0057

Resolution authorizing Airport staff to negotiate a contract with DAJA International, LLC for staffing and management of the Airport's Curbside Management Program for one year commencing July 1, 2008, with a one-year renewal option and a subsequent half-year renewal option exercisable at the sole discretion of the Commission.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that this Item requests Commission authorization for Airport staff to negotiate a contract with DAJA International, LLC to staff and manage the Airport's ground transportation Curbside Management Program. This is the second step of a three step process to award a new Curbside Management Contract.

In September of last year this Commission approved the issuance of a request for proposal for qualified bidders to assume the Curbside Management Contract effective July 1, 2008. Two firms submitted bids ... DAJA International, LLC, and Five Star Parking / Pacific Park Management Joint Venture. Both proposals met the minimum qualifications and were determined to be responsive to the RFP. A three person panel evaluated the written proposals based on the criteria as detailed in the RFP. The same panel later conducted interviews of the two proposers. Each panel member independently scored the written proposal as well as the interviews according to the criteria listed in the RFP. The cost proposals were scored separately by the Airport's Finance Department based upon a mathematical formula prescribed in the RFP. The resulting numerical score was added to the sub scores of the written proposal in the company interviews.

A total score comprised of components of the written submittal, the cost proposal and the oral interviews resulted in one company, DAJA International, LLC scoring 44 points or 3.9% higher than the Five Star/Pacific Park Management Joint Venture proposal. Both companies were notified in writing on February 4 that DAJA International, LLC received the higher of the two scores. Five Star/Pacific Park Management then wrote a letter of inquiry dated February 11th that questioned the panel's scoring. The substance of the issues raised in the Five Star/Pacific Park Management letter included three issues. A question was asked how DAJA could have scored higher than Five Star PPM in the financial qualification scores; a second question asked how, with a lower cost proposal submitted by Five Star PPM, their overall proposal scored lower than the DAJA proposal; and, the third question asked how Five Star PPM could have been scored lower than DAJA in the firm's qualification in experience category.

These objections to the scoring were evaluated by the Airport and City Attorney staff at the Airport and a determination made that no irregularities occurred. The Panel independently evaluated and awarded points for each weighted category in

the written and interview process. Although one bidder may have scored higher in a particular category, as was the case in the Five Star PPM cost proposal, the final score is a roll up of the total of the subscores. A detailed response letter of this determination was mailed to Five Star PPM on February 28th.

The Airport staff is satisfied that the panel fairly evaluated both proposals in accordance with City contracting guidelines. He asked for the Commission's authorization to allow Airport staff to negotiate a contract with the highest ranking qualified proposal, DAJA International, LLC. He will return to the Commission within 45 days seeking either to award the negotiated contract or asking that other measures be adopted if we cannot come to terms with DAJA.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 11, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

7. Award of Contract No. 8528 - Millbrae Drainage Pump Station Improvement
Schembri Construction, Inc. - \$994,800

No. 08-0058	Resolution awarding Contract No. 8528, Millbrae Drainage Pump Station Improvement, to the lowest responsive, responsible bidder, Schembri Construction, Inc., in the amount of \$994,800.
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8. Modification No. 1 to Contract No. 8486 - Airport Wide Security Systems
Improvements - Liberty Electric - \$400,000

No. 08-0059	Resolution approving Modification No. 1 to Contract No. 8486, Airport Wide Security Systems Improvements with Liberty Electric, in the amount of \$400,000 for additional improvements to the Airport's Access Control and CCTV Systems.
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9. Bid Call - Contract No. 8641 - Storm Drain System Improvement

No. 08-0060	Resolution approving the scope, budget, and schedule for Contract No. 8641, Storm Drain System Improvement, and authorizing the Director to call for bids when ready.
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10. Bid Call - Contract No. 8256C - Storm Drainage Pump Stations 17 &18 Electrical
Power Installation

No. 08-0061	Resolution approving the scope, budget, and
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schedule for Contract No. 8256C, Storm Drainage Pump Stations 17 & 18, Electrical Power Installation, and authorizing the Director to call for bids when ready.

11. Design Approval for Artwork at Boarding Area G - International Terminal

No. 08-0062

Resolution approving the artwork of artist Clare Rojas at Gate Room 91 of Boarding Area G in the International Terminal.

Ms. Susan Pontious, San Francisco Arts Commission, said that before the Commission is a proposal for a two-story gate room wall at Boarding Area G, Gate 91.

This artwork is by Claire Rojas who represents a younger generation in San Francisco and a most recent movement called Mission Style which has achieved national recognition. Our collection at the Airport represents major artists and major movements in the Bay Area and we would be remiss if we did not have representation of Mission Style.

Ms. Pontious read a brief description of her work by Roberta Smith, Art Critic for the New York Times, in which she described the Mission Style as a deep rooted of folkish visionary street art and what Claire brings to it is a distinctive penchant for tightly stitched drawing, peasant art patterns and crystalline hard-edged shapes as well as an affection for quilting, old wall paper and cartooning. Rojas' work is strongly influenced by both American folk art and European fairy tales and fables.

Commissioner Mazzola asked if she is going to reproduce this two stories high.

Ms. Pontious responded that she is. The method that we are looking at is a digital image of the artwork. Magnolia Editions actually prints the artwork on with permanent inks onto wood panels and then the artist goes back in and paints into the panels with oil paint. We are using the same method with the Hung Loo artwork which we are installing shortly as well. Parts of this will be almost cut out like a jigsaw pattern. The triangles on the pine trees, for instance, will actually have a quilted effect because each individual piece will be cut out in wood.

Commissioner Mazzola thanked Ms. Pontious for her presentation.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

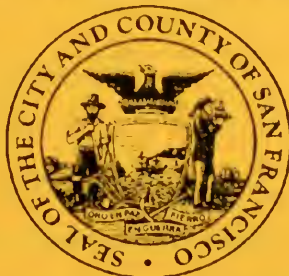
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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:28 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

April 1, 2008

9:00 A.M.

Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
April 1, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		3
B.		ROLL CALL:		3
C.		ADOPTION OF MINUTES:		
		Regular meeting of April 1, 2008	08-0063	3
D.		ITEMS INITIATED BY COMMISSIONERS:		3
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Modification No. 8 to Professional Services Contract to Provide for Rates and Charges, Financing Feasibility Studies and General Consulting Work - Jacobs Consultancy	08-0064	3-4
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	2.	Authorization to Enter into a Professional Services Agreement with ESA Associates to Provide Environmental Planning and Management Services	08-0065	4
	3.	Bid Call - Contract 8777 - As-Needed Utility Repairs	08-0066	5
	4.	Airport Improvement Program - Project Nos. 03-06-0221-40 (Grant No. 40) and 03-06-0221-41 (Grant No. 41) Project Application	08-0067	5
	5.	Authorization to Accept and Expend TSA Funding	08-0068	5
G.		NEW BUSINESS:		5
H.		CORRESPONDENCE:		5
I.		CLOSED SESSION:		
		Potential Litigation		5-6
J.		ADJOURNMENT:		6

AIRPORT COMMISSION MEETING MINUTES

April 1, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of March 18, 2008 were adopted unanimously.

No. 08-0063

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

1. Approve Modification No. 8 to Professional Services Contract with Jacobs Consultancy to Provide for Rates and Charges, Financing Feasibility Studies, and General Consulting Work for FY 2008/09

No. 08-0064

Resolution authorizing Modification No. 8 to Professional Services Contract with Jacobs Consultancy - Airport Management Consulting to increase the total not-to-exceed contract amount by \$650,000 from \$1,261,265 to \$1,911,265.

Mr. Leo Fermin, Deputy Director, Business and Finance said that the Airport has two separate contracts with Jacobs Consultancy. The first resulted from a Management Consultant pool created in 2004 consisting of four firms. We have used this pool for services in areas such as rates and charges, parking demand studies, concessions work and the production of third party feasibility reports related to bond financings.

The item before the Commission requests funding approval for the last year of the five year pool for work in rates and charges as well as the upcoming new money bond sale in January, 2009. An RFQ will be issued in November to create a new Management Consultant pool. Our goal is to create a larger pool with many more firms representing more disciplines so as to be able to contract directly with as many different firms as possible. We plan to recommend a new pool to the Commission in early 2009, with the first new contracts being awarded in FY 2009/10 as the needs arise.

The second Jacobs contract is for planning services and came from a Planning Consultants pool created in November 2006. We will return to the Commission in November to request a modification to this second contract for work needed for the long term Terminal 1 Redevelopment Plan in areas such as simulation of terminal passenger flows and options for aircraft parking layouts. This second Jacobs contract expires in January 2009.

Commissioner Ito asked if the work on rates and charges will include work on congestion delays.

Mr. Fermin responded that they will be available to model different scenarios and different potential rate structures in that effort.

Mr. John Martin, Airport Director, said that Charles River Associates is a subcontractor to Jacobs and is doing a lot of the work in support of the Congestion Management analysis and options.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 2 through 5, was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Authorization to Enter into a Professional Services Agreement with ESA Associates to Provide Environmental Planning and Management Services in a Total Contract Amount Not-to-Exceed \$150,000.

No. 08-0065

Resolution approving a Professional Services Agreement for Environmental Planning and Management Services in a total contract amount not-to-exceed \$150,000 with ESA Associates.

3. Bid Call - Contract No. 8777 - As-Needed Utility Repairs

No. 08-0066

Resolution approving the scope, budget and schedule for Contract No. 8777, As-Needed Utility Repairs, and authorizing the Director to call for bids when ready.

4. Airport Improvement Program: Project No. 03-06-0221-40 (Grant No. 40)
Project No. 03-06-0221-41 (Grant No. 41) - Project Application - \$21,930,000

No. 08-0067

Resolution authorizing the Director to execute and file a project application with the Federal Aviation Administration (FAA) for Federal Assistance in the amount of \$21,930,000.

5. Accept and Expend Transportation Security Administration Funding in the Amount of \$142,100 for SFO's K-9 Explosives Detection Team

No. 08-0068

Resolution authorizing the acceptance and expenditure of Transportation Security Administration funding for the K-9 Explosives Detection Team Program of \$142,100.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

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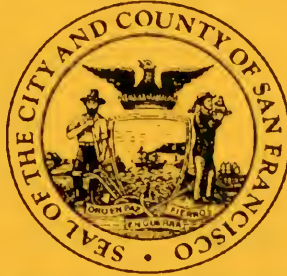
J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:09 AM.



Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

April 15, 2008

9:00 A.M.

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LARRY MAZZOLA

President

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Vice President

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RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
April 15, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		4
B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
		Regular meeting of April 1, 2008	08-0069	4
D.		ITEMS INITIATED BY COMMISSIONERS:		
		ERP Award		4
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Award of Trade Bid Package Set No. 2 to Contract 8204A - Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G - Hensel Phelps Construction	08-0070	5-6
	2.	Authorization to Commence the Competitive Selection Process for the On-Airport Rental Car Lease	08-0071	6-8
	3.	Authorization to Apply for State Loan/Grant Funds for Water Recycling Construction	08-0072	8-9
	4.	Approve Rent Credit to kingfisher Airlines	08-0073	9-10
	5.	Include Capital Improvement Requirement to Amendment No. 3 of Clear Channel Outdoor, Inc.'s Advertising Lease No. 00-0408	08-0074	10
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Approve Third of Three, One-year Options and Modification No. 4 to Professional Services Contract for Airline Liaison Office Services - Airport & Aviation Professionals, Inc.	08-0075	11
	7.	Bid Call - Contract 8581 - Terminal Garage Expansion Joints Repair	08-0076	11
G.		NEW BUSINESS:		11

H.	CORRESPONDENCE:	11
I.	CLOSED SESSION:	11-12
	Pending Litigation: CCSF v Factory Mutual Insurance Co; Bombardier Transportation USA	
	Stephen E. Cheresnik v CCSF	
	Potential Litigation:	
J.	ADJOURNMENT:	12

AIRPORT COMMISSION MEETING MINUTES

April 15, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenhime

Absent: Hon. Larry Mazzola, President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 1, 2008 were adopted unanimously.

No. 08-0069

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton congratulated the Director and staff on winning the EPA award for Environmental Programs. This is entirely consistent with the Airport's goals.

Mr. John Martin, Airport Director, said that it is great work by Airport staff. We continue to have a very strong recycling program. In every area of the Airport's operation, as a team, we are committed to achieving environmental gains and setting a standard for the airport industry.

Commissioner Crayton felt that we should apply for the San Francisco Chamber of Commerce Ebbies Award in this particular category.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Award of Trade Bid Package Set No. 2 to Contract No. 8204A - Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G - Hensel Phelps Construction Co. - \$2,447,619

No. 08-0070 Resolution awarding Trade Bid Package Set No. 2 (Bid Packages 16, 17, 18 and 21) to Contract No. 8204A, Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G with Hensel Phelps Construction Co., in the amount of \$2,447,619.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction explained that this item awards Trade Bid Package Set No. 2 to Hensel Phelps in the amount of \$2,447,619.

To date, the Commission has approved award of Contract No. 8204A to Hensel Phelps in the initial amount of \$2,930,000 for design services, general conditions costs and an initial allowance of \$450,000 for early construction activities. The Commission also awarded Trade Bid Package Set No. 1 for various items of work ... the front end of the job with foundations and structure.

... is to hard accommodate the envelope of the building ... the exterior skins, including the Alucabond Panels, Corrugated Panels, Roofing and Curtain Wall ... is the glass wall system. The work related to Trade Bid Package 19, ... and Sheetmetal, is incorporated within these trade bid packages and is ... before included in this proposed award.

This work was competitively bid by the contractor to a minimum of three subcontractors. Staff has reviewed the bids and determined that the bidders are responsive, responsible and that the scope of work appropriately reflects the requirements of the trade bid package.

The proposed award amount is based on the low bids received for each trade bid package, with the contractor's overhead and profit mark-up of 18% applied to the subtotal. The amount of \$2,447,619 is within the overall budget for this work.

Based on the results of Trade Bid Package Set No. 2, the Airport is forecasting a cost at completion of \$16,066,482, which is approximately \$70,000 less than the previous cost forecast provided to the Commission. The current budget for these services is \$16,700,000.

The contract substantial completion date is unchanged at December 12, 2008.

Funding will be provided from the Airport's Capital Improvement Program and Federal Funds. Due to the federal funding component, there are no HRC LBE subcontractor participation goal requirements. However, the Airport's Small Business Affairs Office is working with the contractor to encourage LBE subcontractor participation in the trade bid packages.

There are several upcoming Trade Bid Packages which lend themselves well to

LBE participation, including doors and hardware, painting, drywall, carpeting and ceiling work.

Commissioner Ito asked if we are on track for completion.

Mr. Satero responded that we are.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Authorization to Commence the Competitive Process for the On-Airport Rental Car Lease

No. 08-0071 Resolution approving the proposed minimum qualification requirements and lease specifications, and authorizing staff to commence a competitive selection process for the On-Airport Rental Car Lease.

Mr. Martin introduced Mayor Gavin Newsom. Airport staff worked closely with the Mayor and his staff in shaping the environmental requirements that are included as a part of this lease package.

Mayor Gavin Newsom said that he was very enthusiastic about this idea and strategy. He thanked the Commission for its leadership and stewardship on the environment. The Commission and SFO have been leaders nationally on environmental stewardship. We have been extraordinarily progressive in converting our vehicle fleet with alternative fuels and in requiring different fleet standards for concessionaires that participate on Airport property and in the governance of our Airport. We have been very aggressive on solar strategies and solar programs and we continue to lead the nation in terms of that consciousness. In an effort to get to the next level we have been discussing the opportunity to green our fleet of rental cars and, with the new leases coming up, to consider some incentives that would provide the kind of meaningful resources not only to the concessionaires but to consumers to make the better choice, an environmental choice that could substantially improve our environmental footprint.

The Commission has the opportunity to approve the lease before it that has a cost of about \$2.144 million a year, a cost that will be made up through subsequent revenue enhancements that are part of the lease renegotiations. In addition, the Commission has the opportunity to add an additional ninth purveyor which would also offset any of the costs associated with the incentives that we are providing so that the revenue that would be produced in 2009 would be greater than the revenue that is being produced in this calendar year. Further, in 2009 those consumers who request green vehicles will not only achieve environmental benefits and lower gas prices, but they will receive an immediate \$15 rebate.

It is an opportunity to raise consciousness and awareness; it is an opportunity for the consumer to use a hybrid and then realize that they didn't need the incentive

in the first place, it was just the smarter choice; it's an opportunity for the concessionaires to become enlivened and focused on their environmental responsibilities; it's a way of offsetting those costs to those concessionaires through this rebate program. It has no cost to the taxpayers of the City and County of San Francisco. It is offset by the Commission's subsequent strategies to increase revenue pursuant to the terms of the lease in front of them.

This is a great opportunity to lead by example. No other major airport in the United States is doing this.

Mayor Newsom encouraged the Commission to support this resolution.

Commissioner Crayton thanked the Mayor for his time and encouragement.

Mr. Leo Fermin, Deputy Director, Business and Finance, explained that the current rental car leases expire at the end of December and Commission approval is requested to commence a competitive selection process for new leases. A very important feature of the new leases will be incentives to encourage the rental of green vehicles.

We partnered with the rental car companies to become the first Airport in the United States to create both business and customer incentives to increase both the number of green vehicles and the use of green vehicles.

Today, about 10% of the rental fleet is "green". The new leases will contain an annual target of 15% green vehicle transactions. If a rental car company meets that 15% goal, then instead of charging the standard 10% concession fee, the Airport will charge 8% for those green rentals. On non-green cars the standard 10% concession fee will continue to apply. In addition to this incentive aimed at the car rental companies, a separate incentive is aimed at the customer. We will give the customer a flat \$15 green incentive credit when they rent hybrid cars.

The new leases will have a tighter and more inclusive definition of gross revenues subject to the concession fee. For example, we will include items such as charges for damages, insurance, replacement fuel and inter-city charges or drop charges in the definition of concessionable revenues. Additionally, we have reappraised the land value, we are adjusting the building structure rent from \$8 per square foot to \$10.13, and the surface land rent from \$1.70 per square foot to \$3.10. Altogether, even after factoring in the green incentives cost, we project that the Airport will receive increased rent revenues with these new leases.

Commissioner Johns asked about the difference between an RFP and a request for bid.

Mr. Fermin responded that under an RFP different criteria are rated and scored. Under a request for bid, the determining factor is the bid price. In this process we will request that the rental car company submit both an offered minimum annual guarantee, which is the bid item, as well as a green environmental plan.

Commissioner Crayton asked if the space rent increases were consistent with

what is happening at other airports.

Mr. Fermin responded that it is consistent. We do periodic appraisals of land value with all of our leases. Many of our leases have a mid term adjustment and appraisal period. Whenever we do completely new leases, we ask a real estate company to appraise the value of land. It is part of an ongoing assessment to keep up with inflation.

Mr. Martin said that the green environmental aspect of this is very unique. He complimented Mr. Fermin, Cheryl Nashir and her staff and the rental car industry representatives for their efforts. Everyone thought outside of the box to find common ground to achieve these environmental gains while maintaining strong revenue flow to the Airport.

Commissioner Crayton complimented staff and the rental car industry as well. It is forward thinking and environmentally conscious. We are leading by example and she is excited to be part of this endeavor.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Authorization to Apply for State Loan/Grant Funds for Water Recycling Construction

No. 08-0072

Resolution authorizing the application of Loan/Grant Funds with the State of California to construct a Water Recycling System at SFO.

Mr. Ernie Eavis, Deputy Director, Facilities, explained that the Airport currently uses recycled treated water to irrigate the landscaping at the sewage treatment plant. It is our intention to greatly expand the use of treated water by extending the landscaping irrigation. There are plans to have dual plumbing systems in Terminal 2 so that we can use recycled water in our toilets and urinals and some of the fire suppression systems as well as for some of the cooling towers. To do this we will have to greatly expand the distribution system for treated water and also install tertiary treatment, which is a third treatment process which will clean the water up to about 90% pure. That's equivalent to a mountain stream. To do this we are applying for a State grant project. We are asking for the maximum amount of \$5 million which is for a recycled water program. We won't know until we see how many different entities are applying for money whether it will be a grant or a low interest loan. We are hoping for a grant.

Commissioner Ito asked if we have a projected cost for this project.

Mr. Eavis responded that this will be the first phase. To distribute the treated water all over the Airport it will cost considerably more than \$5 million. This will be enough money to attach to Terminal 2 for irrigation work. The amount of water we can use is limitless. We will spend this \$5 million and then take a look at other areas where we can extend the use of wastewater. Our final goal is to use every

bit of water that needs to be recycled back on the Airport and not send anything out into the Bay.

Commissioner Ito asked if there is different criteria between applying for a loan and a grant.

Mr. Eavis responded that it is the same program, it just depends on how much money they have to distribute.

Commissioner Johns assumed that we don't have an overall budget; we are applying for \$5 million and that is how much we will expend.

Mr. Eavis responded that the \$5 million will take the pipelines over to the terminal area so that we can redo the piping in the redeveloped Terminal 2. We could take recycled water over to large landscape areas and it could put in a tertiary treatment plant. The tertiary plant makes the water useful for the cooling towers and areas where clean water is needed. Once we reach the terminals, placing pipes along irrigation areas along the way would be very low cost in comparison.

Commissioner Ito asked if any part of this was budgeted in our Capital Plan.

Mr. Eavis responded that it is in the Capital Plan but now that State money is available we will use that instead.

Commissioner Crayton asked why we don't know whether it will be a grant or a loan.

Mr. Eavis responded that we won't know until they start distributing the money. It is similar to the solar program ... you don't know how much money you will get until they know how many entities apply. Grants and loans are all part of one program.

Item No. 4 was moved by Commissioner Ito and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

4. Approval of Rent Credit to Kingfisher Airlines, Limited - \$780,000

No. 08-0073

Resolution approving a rental credit to Kingfisher Airlines, Limited in an amount not-to-exceed \$780,000 for the installation of an elevator, staircase, and other ancillary infrastructure work to provide vertical access to Kingfisher Airlines' future lounge on Boarding Area A of the International Terminal.

Mr. Fermin said that Kingfisher, a premier airline from India, will commence daily service between San Francisco and Bangalore on August 27. They wish to develop a first class lounge and we have unused space on the second floor arrivals level of the International Terminal which would work for this purpose.

Unfortunately, there is no access to this space from the third floor departures.

Normally, access to a tenant's leased space is provided by the Airport. In this case, since design and construction of the elevator and stairway is integral to the lounge, it makes sense to have Kingfisher do this work in conjunction with their lounge construction, especially since their first flight is only four months away.

Commission approval is requested for a rental credit to Kingfisher not-to-exceed \$780,000 to install the elevator and stairway. On a revenue basis, their daily non-stop to Bangalore will generate \$511,000 annually in rent on the lounge itself, \$1.9 million annually in terminal rents, and \$450,000 in landing fees, for a total of \$2.9 million, not to mention the passengers they will carry which will also generate concession revenues.

Item No. 5 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Inclusion of a Capital Improvement Requirement to Amendment No. 3 of Clear Channel Outdoor, Inc.'s Airport Advertising Lease No. 00-0408

No. 08-0074	Resolution approving the inclusion of a capital improvement requirement of at least \$1,800,000 to Amendment No. 3 of Clear Channel Outdoor, Inc.'s Airport Advertising Lease No. 00-0408.
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Mr. Fermin explained that last September the Commission approved a lease amendment to Clear Channel's lease which basically did several things.

- Exercised the three, one-year options at one time, extending the lease end date from March 31, 2011 to March 31, 2014.
- Gave additional advertising locations to Clear Channel which will raise the Airport's rental revenues from \$6.8 million annually to \$9.35 million, for an increase of \$2.5 million or 37%.
- Required Clear Channel to provide the Airport with 200 new laptop work stations to be deployed throughout the terminals for use by passengers; provide the Airport with new bus shelters and computerized information kiosks.

The new laptop workstations, new bus shelters, and new information kiosks will cost Clear Channel about \$1.8 million.

When this amendment was submitted to the Board of Supervisors, the Budget Analyst recommended that the expenditure of \$1.8 million by Clear Channel be made a specific requirement under the Lease Amendment, consequently, this action before the Commission adds it to the amendment previously approved.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 and 7, was moved by Commissioner Johns and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

6. Approve the Third of Three, One-Year Options and Modification No. 4 to the Professional Services Contract for Airline Liaison Office Services - Airport & Aviation Professionals, Inc. - \$475,000

No. 08-0075	Resolution approving a contract extension for the third of three-one year options under Professional Services Contract No. 4094-03/04, pursuant to Resolution No. 04-0127, for Airline Liaison Office Services with Airport & Aviation Professionals, Inc., and Contract Modification No. 4 for a not-to-exceed amount of \$475,000 for FY 2008/09.
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7. Bid Call - Contract No. 8581 - Terminal Garage Expansion Joints Repair

No. 08-0076	Resolution approving the scope, budget, and schedule for Contract No. 8581, Terminal Garage Expansion Joints Repair and authorization to call for bids when ready.
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* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

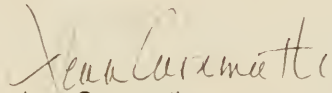
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF vs Factory Mutual Insurance Company; Bombardier Transportation (Holdings) USA, Inc., U.S. District Court Case No. C 04-5307 PJH; and, Stephen E. Cheresnik, et al. vs. City and County of San Francisco, San Mateo Superior Court Case No. A115519; and Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:27 AM.

A handwritten signature in dark ink, appearing to read "Jean Caramatti". The signature is fluid and cursive, with the first name "Jean" and last name "Caramatti" clearly distinguishable.

Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

May 6, 2008

9:00 A.M.

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ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
May 6, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
A.		CALL TO ORDER:		5
B.		ROLL CALL:		5
C.		CLOSED SESSION:		
		Pending Litigation: CCSF vs Factory Mutual Insurance Co.; Bombardier Transportation (Holdings) USA, Inc.		
		Potential Litigation:		5
D.		ADOPTION OF MINUTES:		
		Regular meeting of April 15, 2008	08-0077	5-6
E.		SPECIAL ITEM:		
	1.	Re-dedicating Space in Renovated Terminal 2 Boarding Area D as "Coblentz Concourse"	08-0078	6
F.		ITEMS INITIATED BY COMMISSIONERS:		
		Tour of SFO		6-7
		Update on Usage of Cell Phone Lot		
G.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	2.	Designate \$51 million of Passenger Facility Charge Revenues for Payment of Debt Service in FY 2008/09 and Apply Amounts up to \$51 million of PFC Revenues to Airline Rates and Charges As Needed	08-0079	7-8
	3.	FY 2008/09 Airport Rates and Charges	08-0080	8
	4.	Modification No. 1 to Marketing Services Contract with the M-Line	08-0081	8-9
	5.	Bid Call - Contract 3560D - Terminal Upper Level Viaduct Improvement, Phase II	08-0082	9
H.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		

	Modification No. 5 (Close-out) to Contract 5703A, Phase 1, AirTrain Operating System - Bombardier Transportation (Holdings), USA	08-0083	10
7.	Modification No. 3 to Information Booth Program Contract - Polaris Research & Development	08-0084	10
8.	Modification No. 2 to Professional Services Agreement - Contract 8749 - Ricondo and Associates	08-0085	10
9.	Modification No. 2 to Contract 8486 - Airport- wide Security Systems Improvements - Liberty Electric	08-0086	10
10.	Approve Second of Two, One-year Options to Extend the Term of Union Bank of California, N.A.'s ATM Lease No. 02-0159	08-0087	11
11.	Approve Sole One Year Option for Public Communications Lease No. 06-0207	08-0088	11
12.	Authorization to Enter into Professional Services Agreement with ICF Jones & Stokes Associates to Provide Environmental Planning and Management Services	08-0089	11
13.	Authorization to Issue an RFP and Conduct a Competitive Selection Process for Contract 8441 - Ground Transportation Automated Vehicle Identification System	08-0090	11
14.	Authorization to Issue RFP for Contract 8851 - Workplace Violence Consultant Services	08-0091	12
15.	Authorization to Issue an RFP for Contract 8854 - Veterinary Services	08-0092	12-13
16.	Approve Final Minimum Requirements and Lease Specifications, and Authorization to Accept Proposals for Boarding Area F Pharmacy, Health and Beauty Store Lease	08-0093	13
17.	Bid Call - Contract 8601A - Taxiways A and B Reconstruction, Phase A	08-0094	13
18.	Bid Call - Contract 8473 - Environmental Washdown and Disposal Site	08-0095	13
19.	Reject All Bids - Contract 8513 - Superbay		

G. ITEMS RELATING TO ADMINISTRATION,
OPERATIONS & MAINTENANCE: (continued)

20. Authorization to conduct a Pre-Request for
Proposals Issuance Meeting with Shared-
Ride Operators

08-0097

13-16

I. NEW BUSINESS:

16

J. CORRESPONDENCE:

17

K. ADJOURNMENT:

17

AIRPORT COMMISSION MEETING MINUTES

May 6, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

* * *

C. CLOSED SESSION:

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:03 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled CCSF vs Factory Mutual Insurance Company; Bombardier Transportation (Holdings) USA, Inc., U.S. District Court Case No. C 04-5307 PJH;; and Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:25 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

D. ADOPTION OF MINUTES:

The minutes of the regular meeting of April 15, 2008 were adopted unanimously.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Re-dedicating Space in the Renovated Terminal 2, Boarding Area 'D' as "Coblentz Concourse"

No. 08-0078

Resolution indicating the Commission's intention to re-dedicate a portion of the renovated Terminal 2, Boarding Area 'D' to Mr. William K. Coblentz and naming said area as "Coblentz Concourse."

Mr. John Martin, Airport Director said that in 1987 the Airport Commission named the outdoor Atrium area of Boarding Area D for Commissioner Bill Coblentz who served for 16 years on the Commission and was one of its original members when it was created in 1970. He actually wrote the Charter language that created the Commission.

Bill Coblentz has also continued to serve as an advisor to members of Airport staff on issues over the years and chaired the effort to raise funds to support all of the events surrounding the opening of the International Terminal.

With the closure of the Atrium, which will be filled in as part of the remodeling of Terminal 2, we would like to rename the area of Boarding Area D just past security for Bill Coblentz.

* * *

F. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton asked the Director for a tour of some of the areas being worked on to make sure she is clear about it.

Mr. Martin responded that he would be happy to set that up for all of the Commissioners.

Commissioner Ito asked for an update on the usage of the cell phone lot.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that the cell phone lot has been in existence since last year. We have a CCTV camera on it for security and we also monitor it occasionally just to see what the usage is. Usage varies from as few from 100 people per day up to 150-175 per day. It is not used so much in the morning, but it is used from mid day to early evening as people go there and wait for flights to arrive. The lot can hold 75 cars at a time.

We have signage off of San Bruno Avenue instructing people of how to get to the cell

phone lot. There is no signage on the freeway indicating how to get to the lot because CalTrans does not see it as meeting their hierarchy of destinations

Mr. Martin added that there are directional signs from the terminals.

Commissioner Ito asked and it is on our website.

Mr. McCoy responded that it is.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE
(continues on page 8):

Item Nos. 2 and 3 were called together. They were moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Designate \$51,000,000 of Passenger Facility Charge Revenues (PFC) for Payment of Debt Service in FY 2008/09 and Apply Amounts Up to \$51,000,000 of PFC Revenues to Airline Rates and Charges As Needed

No. 08-0079

Resolution designating \$51,000,000 of Passenger Facility Charge (PFC) revenues for payment of debt service in FY 2008/09 and apply amounts up to \$51,000,000 of PFC Charge revenues to airline rates and charges as needed.

Mr. Leo Fermin, Deputy Director, Finance said that these two Agenda Items are related in that we collect Passenger Facility Charges (PFC) of \$4.50 per enplanement, use the amounts designated as "Revenues" to pay debt service costs in our Operating Budget and this then affects the amounts we need to collect from the airlines through Rates and Charges.

This was part of our 5 year strategy to get the airline cost per enplanement down and we did succeed in achieving that. As we did that, each year we were decreasing the amount of PFCs which we apply to debt service, while increasing the amounts we used for capital projects. The highest annual amount we used for debt service after September 11th was \$68.4 million. Next year, we will apply no more than \$51 million. We expect to collect \$72 million during the year, of which \$10 million will be spent on capital projects and an additional \$11 million will be put into our PFC fund balance for use over the next several years.

For next year's Rates and Charges the landing fee rate per 1,000 pounds will decrease by a penny to \$3.00. However, the terminal rental rates will increase by 4.6% with the average of the 5 different categories of space going from \$91.60 to \$95.55. This reflects the financing costs for the Terminal 2 renovation, as well as increases in our budget for Operating and Maintenance costs in the terminals cost centers.

Fee adjustments are being made in a number of other areas to move closer to

cost recovery or to market levels. Other rates and fees are being kept unchanged.

With these changes to Rates and Charges we are projecting a 2.9% decrease in the airline cost per enplanement from \$13.60 to \$13.20 in current dollars, or \$12.87 in constant dollars.

Commissioner Ito asked what the definition is of constant dollars.

Mr. Fermin responded that is where we adjust for inflation. If inflation increases at 3% next year, we adjust it backwards to figure out the constant dollar equivalent.

Commissioner Ito noted the summary of the Rates and Charges and asked how we charged the different types of aircraft. How are the rates determined?

Mr. Fermin responded that these are the fees for domestic flights which operate in the International Terminal. We negotiated with the International Airlines Association for a rate structure that would be equitable to the domestic carrier as well as the international carriers. The reason we designed those changes in the cost structure was to make it such that were a domestic airline to operate in the International Terminal, they would face a cost structure relatively equal to what they would face in the Domestic Terminals. That is the reason for the changes in the cost and the break at that level.

3. FY 2008/09 Airport Rates and Charges

No. 08-0080 Resolution establishing Airport Rates and Charges for FY 2008/09.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Modification No. 1 to Marketing Services Contract with the M-Line - \$1.1 million

No. 08-0081 Resolution approving Modification No. 1 to the contract for Marketing Services with the M-Line, an LBE firm, to increase the amount by \$1.1 million to fund the Year 2 scope of services for a new total contract amount of \$2.1 million.

Ms. Kandace Bender, Deputy Director, Communications and Marketing said that last year the Commission approved a two year contract with two one-year extensions for the M-Line an LBE marketing firm which assists us with our marketing and promotional efforts. In the last year we focused our campaigns primarily on increasing parking revenues and revenues from our concessions, both retail and food and beverage. In the first 6 months of 2007/08 we saw and 8.3% increase in passenger growth at the Airport but at the same time we saw a 21% increase in parking revenue, 14% in food and beverage and 11% in retail. We will also be welcoming three new international carriers later this year.

One of the key deliverables from last year was to develop a multilingual, multi-cultural ad campaign. That campaign is currently getting underway and you will be seeing that through the end of July. We are very excited ... the campaign is in seven different languages ... Chinese, Spanish, Tagalog, Korean, Vietnamese, English. You are going to be seeing it on Muni, SamTrans, on banner poles downtown, in print and electronic media throughout the Bay Area. As far as we know we are the first Airport in the country to do a multi-lingual ad campaign.

Finally, our new website, which was put together by the M-Line, has been nominated for a Webbie this year which is sort of the Oscars of the Internet.

Commissioner Crayton liked the material. We are advertising in every possible.

Ms. Bender said that Ameridia is working with M-Line on this campaign and complimented them on the work they did. It is not easy to translate slogans into foreign languages so they make sense. They did an excellent job.

Commissioner Ito thanked Ms. Bender for overseeing the broad range of information that is going out there. She thought the barter coop with the major departments was great.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

5. Bid Call - Contract No. 3560D - Terminal Upper Level Viaduct Improvement, Phase II

No. 08-0082

Resolution approving the scope, budget and schedule for Contract No. 3560D, Terminal Upper Level Viaduct Improvement, Phase II, and authorizing the Director to call for bids when ready.

Mr. Ernie Eavis, Deputy Director, Facilities said that this item approves the scope, budget and schedule for Contract 3560D to improve the structural integrity of the upper level viaduct in front of Terminal 3. Structural integrity will be improved with the addition of new piles, pile caps, column casings and new grade beams as well as a re-defined exterior wall on the lower level of Terminal 3. The total budget is \$27.8 Million and 75% is funded through the Federal Highway Administration with oversight by CalTrans. The contract duration is 600 calendar days.

Commissioner Johns asked if this will interfere with any of the traffic flow?

Mr. Eavis said that it will have a minimal effect on traffic flow at night. We did the first phase of the project over the last two years in front of Terminals 1 and 2 and that went very well. We will learn from the mistakes we made there and try to improve it even more.

* * *

- H. **CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:**
The Consent Calendar, Item Nos. 6 through 19, was moved by Commissioner Guggenheimer and seconded by Commissioner Ito. The vote to approve was unanimous.
6. Modification No. 5 (Close-out) to Contract No. 5703A, Phase I, AirTrain Operating System - Bombardier Transportation (Holdings) USA, Inc. - \$316,321.47
- No. 08-0083 Resolution approving Modification No. 5 (Close-out) to Contract No. 5703A, Phase I, AirTrain Operating System with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$316,321.47, for a new total contract amount of \$128,603,430.47, for final reconciliation of changes and close-out of Phase I.
7. Modification No. 3 to Information Booth Program Contract - Polaris Research and Development, Inc. - \$1,048,560
- No. 08-0084 Resolution approving addition of two bilingual information booth agents, and exercising the option to renew the modified contract for the second of four additional one-year term, for an amount not-to-exceed \$1,048,560 for the year commencing July 1, 2008 through June 30, 2009, for a new total contract amount not to exceed \$2,980,960.
8. Modification No. 2 to Professional Services Agreement - Contract No. 8749 Ricondo and Associates - \$150,000
- No. 08-0085 Resolution approving Modification No. 2 to Professional Services Agreement to increase compensation in an amount not-to-exceed \$150,000 to Ricondo and Associates for increased scope of work to include the preparation of program requirements for the Terminal 2/Boarding Area D Renovation Project, an in-terminal hotel feasibility study, and as-needed aviation planning services for a total contract amount not to exceed \$725,000.
9. Modification No. 2 to Contract No. 8486 - Airport-Wide Security Systems Improvements - Liberty Electric - \$93,080
- No. 08-0086 Resolution approving Modification No. 2 to Contract No. 8486, Airport-Wide Security Systems with Liberty Electric, in the amount of \$93,080 for change orders due to unanticipated conditions for a new total contract amount of \$1,734,145.

10. Approval of Second of Two One-Year Options to Extend the Term of Union Bank of California, N.A.'s Automated Teller Machines Lease - No. 02-0159

No. 08-0087 Resolution exercising the second of two one-year options to extend Union Bank of California, N.A.'s Automated Teller Machines Lease No. 02-0159, effective January 30, 2009 through January 29, 2010, under the existing terms and conditions.

11. Approval of Sole One-Year Option for Public Communications Lease No. 06-0207 - Pelican & Telelink Communications, JV

No. 08-0088 Resolution exercising the sole one-year option under Pelican & Telelink Communications, JV's Public Communications concession Lease No. 06-0207, for an option term of January 1, 2009 through December 31, 2009.

12. Authorization to Enter into a Professional Services Agreement with ICF Jones & Stokes Associates to Provide Environmental Planning and Management Services - \$150,000

No. 08-0089 Resolution approving a Professional Services Agreement for Environmental Planning and Management Services for a total contract amount not-to-exceed \$150,000 with ICF Jones & Stokes Associates.

13. Authorization to Issue a Request for Proposals and Conduct the Competitive Selection Process for Contract No. 8441, Ground Transportation Automated Vehicle Identification System

No. 08-0090 Resolution authorizing issuance of a Request for Proposals and to Conduct a Competitive Selection Process for a qualified vendor to replace the current Ground Transportation Unit (GTU) Automated Vehicle Identification System with a new system that will manage and trace commercial vehicle activity and provide reliable data for billing purposes; and authorizing staff to negotiate with the highest ranked proposer.

Mr. Steve Pitocchi, work site organizer from SEIU1021, asked if there would be any impacts to our employees if such a change is made.

Mr. Martin said that this just replaces an existing system. There will be no impact on employees.

14. Authorization to Issue a Request for Proposals for Contract No. 8851 - Workplace Violence Consultant Services

No. 08-0091 Resolution authorizing issuance of a Request for Proposals for Workplace Violence Consultant Services and authorizing staff to conduct negotiations with the highest ranked proposer.

Commissioner Crayton thought that the City already had a Workplace Violence Program.

Ms. Theresa Lee, Deputy Director, Administration said that the City has a Workplace Violence Prevention Policy. This item approves issuance of an RFP for a consultant on an as-needed basis as situations arise. It will provide technical consultation, counseling and training.

Commissioner Crayton asked if the City had a consultant that helped manage it?

Ms. Lee responded that the City has access through its Employee Assistance Program, but it is not at the level we would want the professional services to be.

Commissioner Crayton commended Ms. Lee for moving forward with this.

15. Authorization to Issue a Request for Proposals for Contract No. 8854 - Veterinary Services

No. 08-0092 Resolution authorizing issuance of a Request for Proposals for Veterinary Services for the San Francisco Police Department - Airport Bureau K9 Unit and authorizing staff to conduct negotiations with the highest ranked proposer.

Commissioner Johns asked how and where this information would be provided.

Mr. McCoy said that the Police Department administratively reports to him and he will be putting out that RFP for veterinary services throughout the Peninsula and San Francisco area.

Commissioner Johns asked how that will be done.

Mr. Martin said that a follow-up memo will be provided to the Commission.

Mr. McCoy said that this is actually the first time we have done this. We've been using a clinic on the Peninsula. The SFPD uses a clinic in San Francisco, but it's too far. We are looking for a clinic in the geographic area around the Airport that can meet our needs.

Commissioner Ito said that there is a trend now where there are some private veterinarians associated with hospitals that go to the animal. We might want to consider something like that.

Mr. McCoy said that he will look into it.

16. Approval of Final Minimum Requirements and Lease Specifications, and Authorization to Accept Proposals for Boarding Area "F" Pharmacy, Health and Beauty Store Lease

No. 08-0093

Resolution approving the final minimum qualifications requirements and lease specifications, and authorizing staff to accept proposals for the Boarding Area "F" Pharmacy, Health, and Beauty Store Lease.

17. Bid Call - Contract No. 8601A - Taxiways 'A' and 'B' Reconstruction, Phase A

No. 08-0094

Resolution approving the scope, budget and schedule for Contract No. 8601A, Taxiways 'A' and 'B' Reconstruction, Phase A, and authorizing the Director to call for bids when ready.

18. Bid Call - Contract No. 8473 - Environmental Washdown and Disposal Site

No. 08-0095

Resolution approving the scope, budget and schedule for Contract No. 8473, Environmental Washdown and Disposal Site, and authorize the Director to call for bids when ready.

19. Reject All Bids - Contract No. 8513 - Superbay Water Tanks Improvements

No. 08-0096

Resolution to Reject All Bids for Contract No. 8513, Superbay Water Tanks Improvements, and authorize the Director to re-bid this contract when ready.

* * *

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE
(continued):

Commissioner Johns made the following statement: "I was recently informed that a member of the Board that employs me has a financial stake in one of the anticipated bids and for that reason the City Attorney has advised me to recuse myself from Item

No. 20 ... any conversation and any participation, etc." So I would like your approval on that matter.

The vote to recuse Commissioner Johns was made by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to recuse Commissioner Johns was unanimous.

Item No. 20 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

20. Authorization to Conduct a Pre-Request for Proposals Issuance Meeting with Shared-Ride Operators

No. 08-0097

Resolution authorizing a Pre-Request for Proposals Issuance meeting with the shared-ride door-to-door van service industry prior to soliciting proposals for shared-ride van service from San Francisco International Airport.

Mr. McCoy said that this item seeks Commission approval for Airport staff to hold a meeting with parties interested in bidding for shared ride permits from San Francisco International Airport. This is the only Commission action that this item seeks. The Commission's approval to conduct a pre-RFP issuance meeting is helpful in highlighting the fact that for the first time in over 15 years a new RFP for new shared ride permits will be issued and awarded.

Currently, eleven companies hold active permits for shared rider service from San Francisco. These companies range in size from as few as four vans to as many as 115 vans. In the vast majority of cases, the actual van drivers operate as owner/operators and are not actual employees of the permitted companies. With this many companies with varying degrees of management oversight, quality control and training, customers that use the shared ride services experience varying levels of customer service, vehicle maintenance and appearance.

At the Airport, the shared ride customer is presented with a confusing choice as it is today ... three separate color coded zones for shared ride service. One zone is served by one large company, another zone is shared between two medium sized companies, and the third zone is shared among 8 small to mid-size companies. With so many different companies, the Airport cannot guarantee a uniform high level of customer service. Customer complaints have been received by the Airport about the industry and are frequent and sometimes alarming in their content. Customer complaints are forwarded to the companies and the San Francisco Police Department when appropriate.

With this background, Airport staff has met with the permitted companies over the past few years and tried to address both industry and Airport staff concerns within the confines of the terms of the existing permits. Our attempts to resolve claims of inequity among the companies and perceived lack of an even access to the curb among the companies have not been successful, primarily because there is no consensus among the operators about any proposed solutions. It is now clear that the solution to improve the overall experience in San Francisco is to terminate

the existing permits and start over with a new set of operating rules and service quality guidelines.

To that end, in February and March of this year, the Landside staff held two industry workshops to discuss the issues and possible solutions that could be incorporated into the into a new RFP. Little consensus was achieved at these meetings. The current operators are not in agreement about how the industry should look in the future. Some operators have suggested one or two large companies would be the solution, others have suggested four to five operators and other have suggested no change.

Not only is the number of companies an unresolved issue, other outstanding issues include the unacceptable small percentage of clean energy vehicles among the current industry, the number of vans to be permitted per company, the number and location of zones, and the geographic areas the companies serve. The operators frequently complain about other operators and about the curbside coordinator company.

We have also done research as to how other airports operate the shared ride industry. There are some very large airports with one vendor ... Chicago, Phoenix and Seattle. There are other large airports that operate with two vendors ... Los Angeles. Denver operates with 30-40 companies.

As of yet, there hasn't been one industry proposal made to Landside staff that has generated even close to a consensus opinion. That is why we want to hold one more meeting prior to issuing the RFP. This meeting will also allow the participation of all prospective proposers, including those not currently permitted due to the existing moratorium in the pre-proposal planning process.

Staff intends to solicit input in one more industry meeting for consideration in drafting an RFP for shared ride door to door service. Staff has come to some preliminary conclusions about the number of companies and the number of vans that will address customer service improvements as well as the Airport Commission's goal for 100% clean energy public ground transportation vehicles by the end of 2012. But we continue to be open to variations of potential solutions. The pre-RFP issuance meeting will allow us one more chance to step back and listen for industry solutions that will result in a greatly improved shared ride service at SFO.

We are interested in hearing suggestions about how a new RFP can generate the following performance standards with the successful bidders.

- Customer friendly technology for making reservations, tracking schedules and easily contacting a company/driver;
- Implementation of clean air vehicle goals that improve air quality and the environment.
- A modern fleet of vehicles that provides customer comfort and safety;
- A clear and consistent curbside management program that reduces confusion regarding zones, regions and available vans;
- Opportunity for current permit holders to join forces in proposing jointly for a small number of future operating permits.

- Worker retention maximization.

The current employee population of approximately 300 van drivers serving San Francisco has substantial knowledge and experience providing customers with transportation to and from the Airport from locations throughout the Bay Area. Forty-one percent of the current drivers have worked in this industry for more than 5 years, and an additional 22% have job experience over 3 years. We believe that although the permitted business entities may change, the vast majority of driver owner operators will continue to be employed. We also believe that there are business opportunity models that would enable every one of the current operators to compete if they chose.

He emphasized the clean energy component that will be included in the future RFP. The Airport Commission's Clean Air Vehicle Policy, adopted in 2000, states that 100% of vehicles and applicable fleets should be powered by clean fuels by the year 2012 ... assuming clean air vehicles are available, reliable and economical. Door to door vans are subject to this policy yet less than 24% of the 200+ vans are powered by clean fuel. In the past, we've understood that shuttle van operators were unable to meet the requirement due to the lack of available product. For a number of years there were no clean air vehicles manufactured. Today, clean energy powered vans are available and clean energy vans will be an important element of the new Shared Ride RFP. It is anticipated that a significant component of the bid proposal point score will be based on how soon a proposer will achieve 100% clean energy vehicle compliance.

Understanding the sensitivity and impact of this RFP process, Airport staff is carefully completing the process of evaluating the Airport's needs as well as the concerns of the existing operators in the development of the RFP. The proposed pre-issuance meeting seeking industry comments will assist Airport staff in crafting an effective RFP that ultimately serves the best interest of the traveling public. This final industry meeting, to be held within the next three weeks, will complete staff's due diligence prior to returning to this Commission this summer to seek authorization for issuance of a new RFP for shared ride door to door service.

Mr. Dan Baker, representing the public, submitted written comments to the Commission (see attachment). Mr. Baker asked the Commission to postpone its vote on this item.

Commissioner Ito responded that this vote just allows staff to hold another meeting with the industry to vet some of the issues he is raising today.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

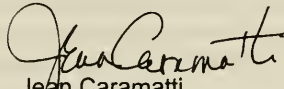
J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:52 AM.


Jean Caramatti
Commission Secretary

**SFO Landside Operations Staff Meetings With On-Demand
Share-Ride Carriers, its Recommendations and Proposed
Request for Proposals**

I am appearing before you as a representative of the traveling public and as a person who has represented all types of passenger carriers serving all major airports in California for over 40 years. The prepared Statement I am providing the Commissioners will describe the past history of the San Francisco airport staff's three previous Requests for Proposals since 1999 to eliminate or put out of business all but one or two on-demand share-ride door-to-door airport shuttle carriers and how the elimination of competition will result in higher fares and poorer service to the public. And this will occur under the proposed RSP despite the only outside study made by other than the airport's staff in the past 10 years. This outside study, prepared by an independent agency, found that the San Francisco airport's shuttle services "can rightfully boast of the highest use of 'share-ride' airport ground transportation services in America and based upon some studies a higher share-ride percentage than many European airports". In reaching your decision whether to authorize a Request for Proposals to limit the number of on-demand carriers that will serve the airport, I respectfully hope that you will review and consider the information in this Statement.

The following are my comments and opinions regarding the current investigation and report by Landside Operations staff of the San Francisco International Airport ("SFO") based upon its meetings with the licensed on-demand share-ride shuttle carriers on February 14 and March 19, 2008. Its initial recommendation, and the only one of any significance, is to have the airport award "Up to (2) exclusive Fixed-Term Concession Agreements" to provide an on-demand share-ride shuttle service to San Francisco from SFO. And the staff's report's "Going Forward" is the "Issuance of RFP for two concessions agreements for shared ride service – Spring 2008". Conversely, the staff proposes that 10 or 11 of the currently licensed, long established, on-demand share-ride shuttle carriers will be deprived of their SFO licenses and lose their livelihoods,

businesses, investments in time and money and the means of support for the families of these smaller carriers. Further, the public will be deprived of the benefits realized from competition that has provided the public a service found to be outstanding over the past 20 years.

In a letter I received from the SFO Deputy Airport Director of Operations and Security, dated April 18, 2005, concerning a proposed April 28, 2005 meeting of the on-demand shuttle carriers, that was to be held for the same purpose as the current meetings and report and recommendations, I was advised: "Please be assured that any changes that may be implemented will be done to improve customer service, not to reduce competition as you allege". It is axiomatic that eliminating competing carriers reduces, in fact, eliminates competition. I will hereafter provide an example of the effect to elimination of competition and will use SuperShuttle as the example as it will undoubtedly be the surviving carrier to be selected by the staff and there is a record of its actions in the absence of competition.

It is interesting and revealing that the study of the on-demand carriers was made by the airport's staff and no effort was made to determine how the shuttle services from SFO compared to similar airport shuttle services available at other major airports. However, such a study was made by an outside agency at the request of and a \$75,000 fee paid by SFO. This study made in 1998 for SFO concluded that SFO has the finest share-ride program of all the major airports in the United States and even most of the airports in Europe. In page 15 of the report of the study, it is stated:

San Francisco International Airport can rightfully boast of the highest usage of "share-ride" airport ground transportation services in America and based upon some studies a higher "share-ride" percentage than many European airports. Clearly, Airport policies implemented in the past nine years enhanced opportunities for share-ride use and may have resulted in reducing the usage (and perhaps the growth) of the private automobile for airport access.

SFO currently provides an outstanding share-ride service for the passengers using its facilities. The summary of the findings from the "Shared Ride Van Operators Industry Meeting #2 March 19, 2008" finds nothing wrong with that service before arriving at or

after departing the airport, the complaints are almost entirely finding fault with the airport, its staff and the curb coordinators, not the service provided by the carriers to or from the airport. Murphy's Law states that if something works, don't fix it. The law, under the circumstances existing at SFO, is very appropriate.

These comments and opinions have been prepared because I am concerned about the fate of the small shuttle carriers. They have provided very responsive, efficient and reasonably priced services for SFO's travelers for many years and are now confronted with the plan of the airport's staff to destroy them. It is unconscionable but is happening. I have represented all types of passenger carriers serving all major airports in California for over 50 years. I have also participated directly and indirectly in the prior to RFP programs and investigations by the SFO Landside Operations staff in 1993 and 2002 which involved the same issue and proposals to limit the number of licensed on-demand carriers and to terminate all the other carriers.

Staff's Investigation

Duplicity is the appropriate description of the meetings arranged by the Landside Operations staff and the person who orchestrated this procedure and the information requested from the participating carriers. The participating carriers were lead to believe the staff sincerely desired the "likes" and "dislikes" of the existing system and wanted suggestions from the carriers on how to improve service. The report issued by the staff manifestly reveals that its purpose was to justify terminating the on-demand airport licenses of these carriers and putting them out of business. The report of the staff is completely barren of any complaints about the service provided by these carriers to and from the airport, the complaints are directed to the operations and activities at the airport. However, the staff's report's only purpose is to justify the recommendation that one or two carriers be licensed and the others have their services terminated.

Survivor

The staff proposal is to license one or two carriers for the on-demand share-ride service. Everyone in the industry knows that the survivor will be SuperShuttle. It arrived in the SFO shuttle service about 1986 and being well-financed became the largest on-demand carrier serving the airport. Its fiscal position in the industry was enhanced a few

years later by the substantial line of credit it received from GE Capital which allowed it to expand its service to a large number of the major airports in the United States. Its goal is to be the exclusive carrier serving all of these airports. SuperShuttle almost succeeded in 1993, when as a result of a similar RFP as the one currently proposed, SuperShuttle was selected with Lorrie's to be the surviving carriers. However, the fourteen other then licensed on-demand carriers were able to gain the sympathy of the members of the San Francisco Board of Supervisors and Airport Commission and the SFO staff was directed to prepare and implement a plan that would allow these carriers to continue serving the airport. The carrier reduction program was in remission until 2002 when it was revived by, apparently someone above the basic staff, to again limit the carriers serving San Francisco airport. The existing carriers dutifully and desperately prepared and submitted their Responses to the RFP on March 14, 2003. Apparently, the cries of the victims were once again heard and the matter again went into remission, at least nothing further happened after submission of the Responses.

Now we have a new, more aggressive and better financed SuperShuttle. It is presently owned by Veolia Environment, a French conglomerate with annual revenues in excess of \$36 billion. It possesses a division, Veolia Transportation, which operates worldwide and declares itself to be the "largest public transportation provider in U.S.". In 2006, it purchased the SuperShuttle companies, including SuperShuttle San Francisco, Inc. Its intention is to provide and control the airport shuttle services at all major airport in the United States as well as most of the world. San Francisco is its current target. To plead its cause, it has hired Platinum Advisors, which is reputed to be the best connected lobbying firm in San Francisco. According to the reports of the San Francisco Ethics Commission, it is also probably the most expensive and profitable.

Effect of Lack of Competition

An excellent study of the effect of lack of competition was made on behalf of a group of airport shuttle carriers that sought to have the Sacramento, California "elected" Airport Commission award them the exclusive license to provide the on-demand share-ride shuttle service from that facility. A SuperShuttle division, Sacramento Transportation System, dba SuperShuttle Sacramento, held the license that was due to expire and required renewal. The involved contract required the licensed carrier to

provide a regular share-ride door-to-door shuttle van service to and from all points in the Sacramento Airport's 10-county market or service area. The study found that the only regular service SuperShuttle provided was to and from the downtown and west Sacramento areas. To and from points outside those areas, the service was virtually nonexistent. And SuperShuttle's fares to and from points outside the downtown and west Sacramento areas were prohibitively high and were, as referred to in the transportation industry, "embargo" fares. These high fares simply forced travelers to use their own vehicles and, in any event, there was no regular service to and from substantially all points in the Sacramento Airport's 10-county market area from the carrier to whom it gave the exclusive and noncompetitive agreement, other than to and from the downtown and west Sacramento areas.

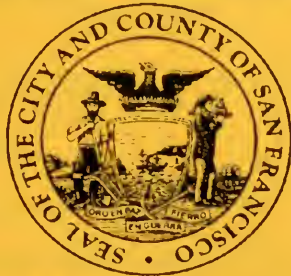
Another example of the disadvantage of lack of competition was when the California Public Utilities Commission granted all airport shuttle carriers an emergency fuel surcharge. The full amount of the surcharge was applied to the Sacramento fares but only 50% of the surcharge was applied to the San Francisco fares due to the competition. The carriers seeking to replace SuperShuttle at Sacramento joked about the \$460.00 fare charged to transport a family of four from Susanville to the airport. They claimed that the Susanville family could purchase an automobile in Susanville drive it to and sell it at Sacramento at a smaller depreciated loss than the cost of the SuperShuttle fare for transporting the family to the airport.

In summary, invariably fares are higher and service is less responsive or efficient when there is no competition. And this situation is aggravated when the carrier with the exclusive license is politically potent. In Sacramento this became readily apparent at the meeting to vote on awarding of the exclusive on-demand license when the chairman of the Sacramento Airport Commission gave a better speech on behalf of SuperShuttle's retention of the exclusive license than the vice president of SuperShuttle sent from Los Angeles for that purpose. It was reported that SuperShuttle generously supported the election campaigns of the chairman and certain other members of the Sacramento Airport Commission. Under these conditions, Sacramento's or any other airport's staff has little or no control over the fares or services provided the public by a politically powerful

carrier with an exclusive license. And the exclusive licensed carrier's business is to make money and public convenience and necessity suffers.

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SAN FRANCISCO AIRPORT COMMISSION



MINUTES

**May 27, 2008
Special Meeting**

9:00 A.M.

DOCUMENTS DEPT.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

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**JOHN L. MARTIN
Airport Director**

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Special Meeting of
May 27, 2008

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AIRPORT COMMISSION SPECIAL MEETING MINUTES
May 27, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenheim

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of May 6, 2008 were adopted unanimously.

No. 08-0098

* * *

L. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

1. Bettie Harris - Retirement Resolution

No. 08-0099	Resolution congratulating Bettie Harris on her retirement after 39 years of service with the City and County of San Francisco.
-------------	--

Mr. John Martin, Airport Director said that Bettie Harris has been an extraordinary assistant for many years. She was his first secretary at SFO and has been his assistant since he's been Director. She has been extraordinary in keeping him organized, in setting the highest standard for the Airport, in dealing with all of the friendly and unfriendly calls he receives and has been a great close personal friend. He will miss her dearly and thanked her for her extraordinary 29 years of service to the Airport and 39 years of service to the City.

Commissioner Mazzola congratulated Bettie.

Commissioner Ito said that she was not happy to hear that this day was coming

but she knew that Bettie has a wonderful life ahead of her. She thanked her for helping to track down John and other staff members and for being so pleasant. She wished Bettie a wonderful time in Florida and wished her safe travels.

Commissioner Crayton agreed with Commissioner Ito. Bettie's pleasantness and courtesy certainly reflects on the Airport's entire demeanor. It has always been a pleasure to call John and to hear Bettie's voice. Bettie helped her to ease into her role as Commissioner to make sure that whatever I needed was there.

We wish you the best ... longevity and good health. Bettie has done a wonderful job. Whoever comes after her will have big shoes to fill. She hoped that Bettie will have the opportunity to meet that individual and give them a few tips about how to last and be the support that John will need.

She thanked Bettie for all that she has done.

Ms. Bettie Harris said that she could not have asked for a better boss to work for, a better department to work in, or better co-workers to work with. She has had a wonderful run and has enjoyed it tremendously. She will miss the Airport and its employees but it is time to move on.

She thanked the Director for his friendship and for being such a wonderful boss and she thanked the Commission for their support.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito was unhappy to read yesterday's Examiner article regarding the J.D. Powers Report. It is hard to believe that we ranked second to last of all airports in the nation in light of how hard our staff works to make our customers happy and comfortable. We have some of the best concessions to offer and about the best environment.

She understood that J.D. Powers will not make the survey details available to us unless we pay \$37,000. She asked General Counsel Rob Maerz if the City can access that information without payment given that J.D. Powers has defamed SFO. J.D. Powers needs to be held accountable for information that is inaccurate or if they can't defend it with specifics.

Mr. Maerz responded that he will look into it and provide the Commission with an analysis once we have had a chance to check into the status of the survey and whether or not there are grounds for us to demand that they disclose the empirical data.

Commissioner Crayton cautioned the Commission about going up against J.D. Powers. She works for an industry that J.D. Powers rates as well and sometimes our rating is very, very bad and there are times when the rating is very good. They are known for what they do. She cautioned against it because it can work against you. She was alarmed as well but she knows that J.D. Powers is well respected. She doesn't know who they are calling or how they are rating, but we need to be very careful.

Mr. Martin said that staff did some research and J.D. Powers has changed ownership. Mr. J.D. Powers is no longer associated with the firm. They may do very good work in other survey work, however, they did not survey passengers in any airport ... it was strictly over the Internet. There is no scientific basis on how they asked people to rate airports; it was strictly people voluntarily logging on and choosing to complete surveys. The results make no sense for us or other airports. Minneapolis/St. Paul was ranked last and is often ranked among the very best in national and international surveys. DFW ranked No. 1 by J.D. Powers last year and was ranked at the lower bottom ... so in one year there was that kind of change. J.D. Powers reported average retail spending per passenger in their survey that was off by a factor of \$30.

Based on hard data we know that there is \$7.50 in retail spending per passenger nationwide and J.D. Powers reported \$30 based on their survey. That tells you that their survey is not producing accurate information. He would be happy to send the Commission articles we have been tracking from around the country on how press in other cities are reporting this and the problem with this survey. It may be a one survey error and doesn't reflect the quality of their work in other industries.

Commissioner Crayton asked if we have spoken with other airports and, if so, are they dissatisfied as well. Perhaps it would be good to work in a coalition or a collective group rather than just the San Francisco Airport going out against someone.

Mr. Martin replied that is exactly the direction we are going and we have been tracking exactly what they are reporting and saying and we will be pulling together airports to go to J.D. Powers together.

Commissioner Ito said that Oakland and San Jose, both mid-level airports, got ranked last so the Bay Area took a big huge hit. This is not good as we approach travel season. Everything is very optimistic for the Bay Area and this just cuts across what everyone else has been reporting. She appreciated Commissioner Crayton's concern.

Commissioner Crayton said she did not know they had changed ownership.

Commissioner Johns said that J.D. Powers gets its power from the press and if the press sees the inaccuracies as we are reporting, wouldn't it be helpful to get the press involved.

Mr. Martin said that Mike McCarron has talked to a number of press organizations.

Mr. McCarron, Assistant Deputy Director, Media said this began last year when J.D. Powers ranked us the lowest of all major airports in the country, while our internal survey said that we were doing fairly well. Their survey consultant readily admitted that there is no statistical significance to any of the data ... it's just a compilation of numbers, as he put it. They don't put anyone in airports; it is an internet survey. A passenger could have flown into San Jose or Oakland, forgetting that it was not SFO, and logged it against SFO.

We compared it with our own survey which we do in the terminals. We survey 1,200 to 1,500 people between 6 a.m. and midnight at all the terminals and all of the gates and we get a right cross section ... there is just a better cross section of data to begin with.

J.D. Powers reported last year that 15% of our passengers are international travelers; our data shows 25% and that's a very hard number. He asked why the difference and was told that they only measure domestic travelers. The consultant had no response when he was asked why all of these other people have been left out. They also group airline responsibilities with airport operations such as baggage claim and ticketing. The consultant argued that the passenger doesn't know the difference so it doesn't matter.

The Minneapolis newspaper last Thursday or Friday wrote a very scathing editorial about it stating that two years ago Minneapolis was the number one airport in the nation and now they are the worst or 60th in the world. That really calls into question the validity of the survey itself. Detroit, which is also a fairly highly ranked airport, said the J.D. Power survey is not a good prediction of customer satisfaction. But the most curious one may be Portland ... it's a very beautiful airport with good concessions and access. Conde Naste rated it the best airport in North America this past year and it was in the bottom three of the mid size airports according to J.D. Power.

Their numbers don't add up ... they rated Orlando the best in security with their wait time at 4-5 times that of San Francisco. SFO got two stars and Orlando got 5. They don't account for it, they simply say that those are the numbers they got from their survey. But they readily admit it is not statistically significant.

Commissioner Mazzola asked if we did anything last year.

Mr. Martin responded that we wrote a letter to J.D. Powers asking for documentation and they said nothing.

Mr. McCarron added that their plan is to charge a service fee of \$37,000 if you want more information. That information includes the entire breakdown. The question is, do our ratings go up if we pay the fee?

Commissioner Crayton asked if we ban together with other airports to pay the \$37,000 fee, can we get just one copy of the report.

Mr. Martin responded that the \$37,000 would only give us our specific data.

Mr. McCarron said that this problem is not unique to San Francisco. He has been tracking this in other papers and on the internet. For example, for accessibility we received 2 out of 5 points, yet we probably have the best public access of any airport in North America. That same week Aviation.com said we are the third best in the nation for public accessibility to an airport.

Commissioner Crayton asked if the report this year any worse than it was last year.

Mr. McCarron responded that we have moved up a notch from last years report. Minneapolis slipped behind us.

Commissioner Johns asked if we are working with the press and the media in general to point out these discrepancies in how this survey is done because the survey is only as good as the coverage that it is getting.

Mr. McCarron responded that last Friday he sent out a three page email to the Examiner reporter detailing all of the things he just explained, but in much greater detail, with references and the data but he used about three words of it. Fortunately, Channel 2 picked up the story yesterday and interviewed him so he got his side of the story on the Channel 2 news. His tactic is to have the data ready for response.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Authorization to Enter into a Funding Agreement with Starwood Capital Group to Purchase Wetland Creation Credits in the amount of \$3,300,000 as Mitigation to Wetlands filled for Airport Master Plan and Airfield Improvement Projects

No. 08-0100

Resolution authorizing the Airport Director to enter into a Funding Agreement with Starwood Capital Group to purchase wetland creation credits as mitigation for wetlands filled for Airport Master Plan and Airfield Improvement projects, in an amount not-to-exceed \$3,300,000.

Ms. Danielle Rinsler, Deputy Director, Planning said that the Airport staff seeks authorization to enter into this funding agreement with Starwood Capital Group for the remaining 6 acre obligation for wetland creation that we are obligated under Water Board Order 99-037.

During the Master Plan we completed approximately 31 acres of fill on the Airport related to Master Plan projects and Airfield Improvement Projects. To date we have complete 8 of 9 projects that were identified in this Board Order and we failed to complete the final projects at Parcel E and Parcel B at Hunter's Point Naval Shipyard. These projects were scheduled for completion in December 2000 and December 2006. We were not able to complete these projects due to delay in the transfer of the property from the Navy to the City and County of San Francisco, so it was to no fault of the Airport. We have been working over the last several years with the Water Board to identify alternative projects to the Hunter's Point Park Projects which included a 3 acre project and a 15 acre project for a total of 18 acres. The Airport has been incurring temporal loss penalties on these projects for the last several years. To date the temporal loss amounts to about a ½ an acre of additional wetland creation that we are now responsible for.

The Commission has approved two projects so far to cover part of this 18½ acre obligation that remains. On April 3, 2007 The Commission approved funding for 12 acres at Yosemite Slew and Candlestick Point, and on February 5, 2008 the Commission approved funding for planning and engineering studies for park and wetlands project to Parcel E in Hunter's Point that Arc Ecology is funding. They completed their plan for that project last year and are starting their environmental and initial engineering study. So we are funding about \$500,000 worth of studies

related to that effort. Staff has evaluated over the last 2 years how we would complete the remaining obligation which amounts to about 6 acres of wetland creation and we are looking for a tidal wetland project somewhere in the Bay Area. The Water Board has asked us to look at sites that are in close proximity to the Airport and are within what they call our service area. We have identified one project that is already completed at Deepwater Slew in Redwood Shores. We are asking today for funding. After evaluating several other projects in the Bay Area the Board was not as amenable for us to fund because they aren't necessarily ready at this point ... the planning studies have not been completed on those other sites. They are far from the Airport and the time for wetland establishment is over a ten year period. The Deepwater Slew site is available now for purchase. The project is nearly completed ... it's in its 8 year of its establishment period out of 10 years and we were able to get it at a price that we have evaluated as being reasonable for wetland creation cost compared to other projects that we have pursued. So today we ask for the Commission's authorization to enter into this agreement with Starwood Capital Group for \$3.3 million to complete our 6 acres of wetland creation obligation under this Board order.

Commissioner Johns asked if the \$3.3 million is the original amount or did the figure fluctuate with the description and completion of the project.

Ms. Rinsler responded that wetland creation cost varies greatly over all of the projects that the Airport has pursued over the years. The eight projects we have completed have ranged in price considerably. This initial price of the property was \$850,000 per acre but we negotiated down from that over the last six months to \$550,000 an acre. Prior to obtaining authorization from the Director to proceed to the Commission, we did an independent financial evaluation with our finance group to evaluate other wetland sites in the Bay Area on the cost of similar private banks of wetland acreage in the market and the only comparables in Novato at Berdell Ranch are currently going for about \$650,000 an acre. So, based on our independent evaluation as well as the work that the Planning staff has done over the last two years, we feel this is a good offer price for the property.

Mr. Martin said that the market price has changed over time for wetlands.

Ms. Rinsler said that is correct. Through the Capital Plan approval of the last year you have authorized an additional \$2 million for funding to complete our obligation of the Hunter's Point alternative project so the incremental cost is approximately \$2 million over what we had budgeted for Hunter's Point originally.

Commissioner Johns said that one of the projects that was involved here was Mountain Lake Park, which is in her neighborhood. That project, which she is working on, involves the City, the Presidio Trust and the Park Service. We are trying to track how the Airport money has been used and we can't get an answer. The lake has become a polluted site. Supervisor Alioto Pier had a hearing on this recently. Do we track how our money has been used, have the projects been completed, etc.? She didn't think Airport money was used specifically to clean up the area, but believed it was used for some mitigation there, possibly for one of the smaller projects. They can't find out how the money was used.

She asked for follow through on this funding agreement so that we know that the \$3.3 million will go for its intended use.

Ms. Rinsler said that this \$3.3 million would cover both the establishment cost as well as the monitoring cost. So, going forward through the life of the project the sponsor, Starwood Capital Group, is obligated to monitor and maintain the wetlands ... that they are flourishing essentially for the community. And similar to other projects, also have some monitoring obligations generally over the 10 year establishment period. She is not sure about Mountain Lake but staff will follow up and get back to the Commission.

Commissioner Johns said that she curious to see that and would be interested in knowing how that follow-up will happen.

Mr. Martin said we will provide a follow-up written report.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was t was approved unanimously.

3. Award of Contract for Airport's Curbside Management Program - DAJA International, LLC - \$3,290,508

No. 08-0101	Resolution awarding a contract to DAJA International, LLC to staff and manage the Airport's Curbside Management Program for a one-year term, with an additional one year and a subsequent six-month renewal option, at a cost not to exceed \$3,290,508 for the one-year term beginning July 1, 2008 through June 30, 2009.
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Mr. Tryg McCoy, Deputy Director, Operations and Security said that this item seeks approval to award a contract to DAJA International to staff and manage the Curbside Management Program for a period of 2 ½ years, if all options are exercised. The total potential contract value is \$3,290,508 and just for review the Curbside Management Program's scope includes coordinating the shared ride door to door service at the departure level and staging lot, plus a dispatch of taxis on the lower arrivals level at all terminals. This resolution completes the three step Commission contract award process that began back in September of 2007 with the approval of the issuance of an RFP followed by the Commission's March 18, 2008 to enter into negotiations with the highest ranked bidder DAJA International. Contract negotiations are now completed, the first year contract cost will be 2.36% higher than the current year. This agreement also includes additional staff so that we can cover the late night taxi operation during the winter months when we often experience late arrivals. No bid protests were received during the allowed contract award protest period.

Commissioner Ito asked if the door to door van operators absorbing the direct costs of the curb coordination was part of previous contracts as well.

Mr. McCoy responded that it has been for the last 8 years.

Commissioner Ito asked if the van operators have a coordinator at those curbs.

Mr. McCoy responded that DAJA has a coordinator currently at all terminals at all three zones. There are 3 coordinators at Terminals 1 and 3, and 2 coordinators in the International Terminal. The fee associated with those staffing hours is actually paid for by the door to door van companies. We issue a bill to them every month and they pay DAJA directly. That portion of the fee is paid for by a percentage of the total number of trips that each door to door van company operates. For instance, Super Shuttle carries approximately 40% and pays 40% of the bill.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

4. Award of Trade Bid Package Set No. 3 to Contract No. 8204A - Design Build Services for Secure Connector - Terminal 3 to Boarding Area G - Hensel Phelps Construction Company - \$2,178,499

No. 08-0102 Resolution awarding Trade Bid Package Set No. 3 (Bid Packages 25, 26, 27 and 28) to Contract 8204A, Design-Build Services for Secure Connector, Terminal 3 to Boarding Area G with Hensel Phelps Construction Company in the amount of \$2,178,499.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction said that item awards Trade Bid Package Set No. 3 to Hensel Phelps for the amount of \$2,178,499. To date the Commission has approved the award of this contract to Hensel Phelps in the initial amount of \$2.93 million for design services, general conditions costs and an allowance of \$450,000 for initial construction activities and the Commission has also awarded Trade Bid Packages Set Nos. 1 and 2 for the various front end activities of the project.

This item awards Trade Bid Package Set No. 3 which are trade bid packages 25, 26, 27 and 28 and which provide for the building systems components of the project including plumbing, electrical, HVAC and fire sprinklers. The work was competitively bid to a minimum of 3 pre-qualified bidders. Staff has reviewed the low bids and determined that the bidders are responsive, responsible and that the bids appropriately reflect the agreed upon scope of work.

The proposed award amount is based on the low bids received from the bidders for each trade package and then the contractors overhead and profit of 18% is applied to each trade bid package and the total amount of \$2,178,499 is within the overall budget for this work. Based on the results of Bid Set No. 3 the Airport is forecasting a cost of completion at \$16,411,066. This forecast is approximately \$350,000 more than the previous cost forecast provided to the Commission under the previous modification. The increase is due to a change in the scope related to the electrical work. We expanded the fiber and CCTV system into the secure

connector and that was not part of the previous estimate. We also received higher than anticipated bids in the HVAC work, so that is where the overrun came from. The project forecast is still within the total budget of \$16,700,000.

The contract substantial completion date is unchanged to December 12th of this year. Funding will be provided from the Airport's Capital Improvement Program and Federal funds. The Airport's Small Business Affairs Office is working with the contractor to encourage LBE subcontractor participation in the Trade Bid Packages and we've specifically mentioned upcoming trade packages that would provide opportunities including doors and hardware, paint and drywall, carpets and ceilings. We prepared language to go in each subtrade package that goes out and we meet with them and encourage participation in trade bid packages that we know offer LBE opportunities. It's the last components of the project where the opportunities exist.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

5. Modification No. 4 to Contract No. 8136C - In-Line Explosives Detection Baggage Inspection Systems - D.W. Nicholson - \$4,560,597

No. 08-0103	Resolution approving Modification No. 4 to Contract No. 8136C, In-line Explosives Detection Baggage Inspection Systems (EDS) at Domestic Terminals with D.W. Nicholson, in an amount not-to-exceed \$4,560,597 for additional construction and systems integration services to improve the throughput capacity of the EDS Baggage Handling System at the International Terminal Boarding Areas A and G.
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Mr. Satero said that this item requests award of Modification No. 3 to D.W. Nicholson in the amount of \$4,560,597 for improvements to the International Terminal's explosives detection system baggage handling system. The Commission has approved three previous modifications to this contract for additional scope to improve the efficiency in capacity of the Airport-wide baggage handling systems. This modification will provide for the implementation of urgently needed improvements in the International Terminal's Boarding Area A baggage handling system. The scope of work was determined from the engineering studies and computer simulations that were authorized by the Commission under the previous modification. What is happening at peak periods in Boarding Area A as a result of the increase in flight activity due to the increase in domestic carrier operations out of the International Terminal, the baggage handling system is cascading back to the ticket counters and we are unable to process the bags at those peak times.

The previous modification provided for the technical studies in computer modeling of the entire International Terminal EDS baggage handling system to determine the scope and cost of improvements to increase the throughput capacity of the system. From the engineering studies the Airport has developed various tasks

which will improve the capacity. The most significant work relates to the load balancing of the EDS System where bag conveyors and control systems modifications that are proposed in this contract mod will provide for a more even delivery of baggage to the explosive detection system machines. The work will also provide replacement of software and hardware due to the obsolete bag sort control systems. In contrast to earlier assumptions the engineering study concluded that it is not necessary to add another in line EDS machine at the Boarding Area A. It is an issue of load balancing of the system, so that is a positive thing for us. The most impactful work to improve the throughput capacity will be done by Thanksgiving. There will be work after Thanksgiving that will be completed after the holiday peak season which is related to replacing equipment and reconfiguring some of the conveyors, so not all of the work will be done by Thanksgiving as was stated in the agenda package. Funding will be provided from the Airport's Five Year Capital Improvement Program. The contractor continues to meet the 14% DBE participation goal.

We will be preparing an RFP for similar types of Airport-wide baggage handling system construction and integration services and request Commission authorization for bid call in the near future. This contract will be scoped to provide integration and construction services for Airport-wide upgrades and enhancements to the existing systems.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 15, was moved by Commissioner Crayton and seconded by Commissioner Mazzola. The vote to approve was unanimous.

6. Revised Business Terms for the Distributed Antenna System

No. 08-0104

Resolution approving revision to the Business Terms for the Distributed Antenna System.

Commissioner Crayton noticed that the terms were revised and we are going to have one firm that is going to do everything. She asked why that decision was made and if he spoke with any of the carriers or anyone else before coming to that conclusion.

Mr. Leo Fermin, Deputy Director, Business and Finance responded that we had discussions with a number of other airports that have completed their distributed antenna systems and in all of our conversations it was recommended that we use one firm to design, fabricate, install and then do initial maintenance and operations for a period of time. It made more sense for the project as a whole because we won't have two separate vendors pointing fingers at each other. This way one vendor is accountable for this process. In addition, our legal staff as well as our contract administrations unit also made that recommendation to us as well.

Mr. Rob Maerz, Airport General Counsel, added that it has been our experience in negotiating and dealing with contracts that with these kinds of systems

implementation that it is always better to have a turnkey approach where you have one entity that is accountable for the performance of the system. If you don't have that kind of accountability then what often happens is the entity that is maintaining the system will claim that there was some sort of a design defect or some sort of construction defect, and the entity that did the design and construction will say it's the people who are maintaining it. When you get that kind of finger pointing you don't get the reliability of the system that you need.

Commissioner Johns remembered that we had vendors come before us fairly annoyed at this DAS System and pointed out a number of negative aspects of having this type of antenna system. She assumed we are proceeding forward. Are we getting feedback from these folks? Do they know that the RFP is underway? Is there generally any negativity about this.

Mr. Fermin responded that we have had meetings with the cell phone companies. Currently, the situation is such that they have leases for sites at which their own proprietary antennas are located throughout the Airport campus. Previously, when we did this process they were objecting to some of the request for information that we were seeking from them such as what their call volumes were and other information such as that. Since then we understand they are concerned about sensitivity of information and confidentiality. We have met with the carriers and we have advised them of our plan to go forward. We have described to them what our plan thus far as putting together a proposal for designer and fabricator of a DAS System. We have also indicated to them, and they are well aware of this, that they themselves, either as an entity on their own or as some consortium, are free to also submit a proposal to the Airport to design, fabricate and operate a DAS System at the Airport. So there is a possibility that one or more of the cell phone companies may also submit a proposal to build a DAS for the entire campus. We are waiting to see if that will happen.

The purpose of this antenna system is not just for cell phone usage, we are trying to build a platform for other potential uses in the future such as satellite radio for instance. So, if there are other wireless mediums that come on board in the future we want to be poised to be able to take advantage of those features in the future.

Commissioner Crayton assumed that we have a vision of our telecommunications plan so that this RFP will be able to accommodate new technology and capacity.

Mr. Fermin responded that we had a business plan put together and we have done a lot surveys of other airports. We know that technology is constantly evolving so we are trying to put into the design of the system the flexibility to accommodate other new software, if possible. For example, besides the satellite radio he mentioned one of the things we are looking at is the possibility of using this system for our radio communications for staff ... for Police as an example. That's another example of how this master plan is trying to incorporate these potential future changes in wireless technology.

We don't know what the future will bring but we have planned to amortize this system over a seven year period. We think that the hardware and the software may have to be upgraded after seven years, and that is in our planning process.

Commissioner Crayton asked if a cellular carrier has actually done this in another airport ... they have installed, operated did the design build of the system.

Mr. Fermin responded that he believed that Verizon built the system for all of the other carriers at the Las Vegas airport.

Commissioner Crayton asked if that was working.

Mr. Fermin responded I am sorry it was Verizon that built the system for all of the other carriers at the Las Vegas airport.

Commissioner Crayton asked and is that working?

Mr. Fermin responded that it was as far he knew.

7. Award of Contract No. 8845 - Airport Risk Assessment to AON Risk Insurance Services West, Inc for Fiscal Year 2007/08 - \$100,000

No. 08-0105 Resolution awarding the Professional Services Contract 8845 for Airport Risk Assessment to AON Risk Services West, Inc., in an amount not to exceed \$100,000 for a period of one year effective June 1, 2008, with two one-year options to extend the contract at the sole discretion of the Commission.

8. Modification No. 3 to the Smith, Dawson & Andrews Federal Legislative Advocacy Contract - \$200,000

No. 08-0106 Resolution approving Modification No. 3 to the Smith, Dawson & Andrews Federal Legislative Advocacy Contract to facilitate SFO's interaction with the U.S. Department of Transportation, the Federal Aviation Administration and the Transportation Security Agency. Modification No. 3 will extend the term of the contract for one year (July 1, 2008 to June 30, 2009) and increase the total contract amount by \$200,000.

9. Modification No. 3 to the Marc Associates Congressional Advocacy Contract - \$75,000

No. 08-0107 Resolution approving Modification No. 3 to the Marc Associates contract for on-going congressional advocacy in Washington, DC. Modification No. 3 will extend the term of the contract for one year (July 1, 2008 to June 30, 2009) and increase the

total contract amount by \$75,000.

10. Modification No. 4 to the Edelstein and Gilbert Contract - State Legislative Advocacy Services in Sacramento, CA and Authorizing the Name Change to the Edelstein and Gilbert, Robson and Smith - \$75,000

No. 08-0108 Resolution exercising the third of four one-year options (Modification No. 4) and name change to the Edelstein and Gilbert (now Edelstein, Gilbert, Robson and Smith) Contract for State Legislative Advocacy Services. Modification No. 4 will extend the term of the contract for one year (July 1, 2008 to June 30, 2009) and increase the total contract amount by \$75,000.

11. Bid Call - Contract No. 8355 - Boarding Area B Apron Reconstruction

No. 08-0109 Resolution approving the scope, budget, and schedule for Contract 8355, Boarding Area B Apron Reconstruction, and authorizing the Director to call for bids when ready.

12. Bid Call - Contract No. 8225C - Airport Perimeter Fencing

No. 08-0110 Resolution approving the scope, budget, and schedule for Contract 8255C, Airport Perimeter Fencing, and authorizing the Director to call for bids when ready.

13. Authorize Staff to Seek, Accept and Expend Funds from the Bay Area Air Quality Management District for Clean Air Vehicles and Equipment - \$3,000,000

No. 08-0111 Resolution authorizing Airport staff to seek, accept and expend funds from the Bay Area Air Quality Management District to encourage Airport operators to acquire clean air vehicles and related equipment.

14. Modification No. 17 to the SFO Shuttle Bus Contract for Billing Rate Adjustment

No. 08 -0112 Resolution approving Modification No. 17 to the SFO Shuttle Bus Company Contract to adjust the basic hourly and incremental billing rates for the period January 1, 2008 through December 31, 2008, reconcile pension and health and welfare

15. Authorize Issuance of a Rental Credit to Lufthansa German Airlines, c/o Lufthansa Technik Logistik America - \$11,000

No. 08-0113

Resolution authorizing the issuance of a Rental Credit to Lufthansa German Airlines, c/o Lufthansa Technik Logistik America, in the amount of \$11,000 for the installation of California Building Code required outside air exchange equipment at Cargo Building 16, located on Plot 3.

* * *

H. NEW BUSINESS:

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

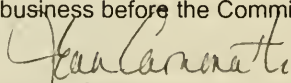
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

June 17, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
June 17, 2008

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D.		ITEMS INITIATED BY COMMISSIONERS:		
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E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
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AIRPORT COMMISSION MEETING MINUTES

June 17, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheim

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the special meeting of May 27, 2008 were adopted unanimously.

No. 08-0114

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Ito remarked on the request for qualifications issued by the Art Commission last week in relation to our Terminal 2 construction and the Percent for Art Ordinance. Two percent of our total construction cost for Terminal 2 will be dedicated to public art. The current estimate is \$3.2 Million. She believed that no one on the Airport Commission, other than herself because she serves on the Airport/Art Joint Committee, is aware of this. This information needs to be provided to Airport Commission members.

We did a magnificent job with the International Terminal but there is still opportunity for local and other artists to be aware of our Terminal 2 plans. www.callforentry.org is a website used by the Art Commission for information. It behooves us to get this information out to as many people that we are aware of in the art community so that we can get a nice broad based pool of artists to consider.

Mr. John Martin, Airport Director said that we will do that.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Guggenheimer and seconded by Commissioner Mazzola. The item was approved unanimously.

1. Modification No. 8 to Contract No. 5703A - Phase II - AirTrain Operations and Maintenance - Bombardier Transportation (Holdings) USA - \$3,263,442

No. 08-0115

Resolution approving Modification No. 8 to Contract 5703A, AirTrain Operations and Maintenance with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$3,263,442 for a new contract amount of \$38,442,499. Funding will be provided from the Airport's Operating Budget.

Mr. Tryg McCoy, Deputy Director, Operations and Security said that Item No. 1 seeks Commission approval for Modification No. 8 to the AirTrain Operating and Maintenance (O&M) Agreement with Bombardier Transportation Holdings USA, Inc. The amount of this modification is \$3,263,442 and if awarded, the total Phase II O&M Agreement to Bombardier will be for \$38,442,499.

This O&M agreement with Bombardier was first awarded in February of 2003. The contract duration was for an initial three years with three additional one year options. The Airport began its final one year option (Option Year 3) in February of 2008 and the current agreement will expire in February 2009. Plans are being made for a new O&M Agreement to submit to this Commission for approval later this summer that will take effect next February.

This modification will fund price adjustments, material costs, labor escalation and Airport requested change orders that took place during the period of February 2007 to February 2008, which was Option Year 2 of the existing contract.

A summary of change orders and price adjustments is included in the information before the Commission. The greatest dollar amount within this submittal is \$2,025,443 in labor and material adjusted fees based upon the contract's criteria of CPI and PPI indexes. Three important operational improvements included within the Airport issued change orders were to replace the flooring in all of the cars, an automated passenger counting system and the initiation of three car train service for a period of two months over the 2007 Thanksgiving/Christmas holiday.

Funding for this modification is included in the Airport's operating budget.

Commissioner Ito asked about the relationship of our passenger load to expenditure of O&M costs.

Mr. McCoy responded that he cannot speak to the total number passengers.

Mr. Martin responded that the cost of operating the AirTrain System on a per rider basis is around \$16 - \$ 17 per person. It is a fairly expensive system, but over time, as ridership increases, he expects that to go down.

Commissioner Ito asked has that path of increase continued?

Mr. Martin responded that ridership has increased as the passenger traffic has grown and there is a similar, or slightly higher increase in rental car customers. We also have more employees using the system now that we have moved employee parking out next to the rental car center. We recently moved from two to three car trains with that increase in ridership.

Commissioner Johns asked if that met the original projections we have per passenger charge.

Mr. Martin responded that the total costs are about where we expected. At the time we awarded the contract we thought we would have higher ridership because we thought our passenger traffic numbers would be higher. Probably within the next year we will be very close to those original projections.

Item No. 2 was moved by Commissioner Ito and seconded by Commissioner Guggenheimer. The item was approved unanimously.

2. Authorization to Issue a Request for Qualifications (RFQ) for Contract No. 8861 for an Airport Security Threat and Vulnerability Assessment

No. 08-0116

Resolution approving the issuance of a Request for Qualifications for Contract No. 8861 for an Airport Security Threat and Vulnerability Assessment and authorizing staff to conduct negotiations with the highest-ranked qualified firm.

Mr. Tryg McCoy said that this item requests authorization to issue a Request for Qualifications to conduct an airport threat and vulnerability assessment and to authorize staff to conduct negotiations with the highest ranked qualified firm.

In 2004 the Airport's first comprehensive threat and vulnerability assessment was completed by a well qualified security consulting company. That security sensitive document has served the Airport well and resulted in a four year plan to complete the prioritized recommendations included in the report that ultimately greatly reduced the potential security threat vulnerabilities at SFO. The report listed a great number of facility modifications, security technology enhancements and improvements in policy, procedures and training that when completed would greatly improve the Airport's security program. The Airport has now completed well over 225 recommendations in the report.

Now that these past recommendations are complete, the Airport would like to authorize a new evaluation that will gauge our security profile against emerging and continuing terrorist threats against international aviation. The report scope will provide an updated evaluation of our facility vulnerabilities, security systems, response procedures and training methods. The evaluation assessment will also comply with a Department of Homeland Security's requirement to conduct such an assessment every five years ... this is a new requirement passed in 2007.

He asked for approval to issue an RFQ and then to enter into negotiations with the highest ranked qualified firm. He will then return to the Commission for award. The contract scope will include one year of security consulting services. Funding for this contract is included in the FY2008-20 Operating Budget.

Commissioner Ito asked what was spent on this contract previously?

Mr. McCoy responded approximately \$340,000.

Commissioner Ito asked if any part of that reimbursed since it is a requirement of Homeland Security?

Mr. McCoy responded that we received 100% reimbursement. We did not seek Commission authorization in 2004 because it was part of a security grant the Airport received in 2003 which included the scope to have this assessment done. He believes that airports throughout the nation will look at this requirement from DHS a little bit differently than SFO and likely many airports will not seek such a comprehensive assessment. The requirement is to do a bomb incident prevention program which primarily has to do with the roadways and how vehicles park in front of the terminals and what airports can do mitigate potential blasts that may occur. The scope of our project is much greater than just focusing on the roadways. We want to accomplish what we did in 2004 ... to take an entire look not only at our facilities, but our training procedures, our systems, do we have the right people doing the right things at the right time to reduce our vulnerabilities.

Commissioner Ito asked if that includes the waterways.

Mr. McCoy responded that it does. One of the results of the 2004 assessment was the placement of buoys and creating a protection area on the waterways around the Airport.

Commissioner Mazzola asked if a lot of firms do this.

Mr. McCoy responded that there are a lot more firms in the last few years. Several years ago there were a handful, while today there are probably a dozen qualified firms that can do this.

Commissioner Mazzola asked if any of them are local?

Mr. McCoy responded that he is not aware of any local companies that do this. We will seek out all qualified companies. Part of the criteria is that they have to have been in the business for four years and done security threat analysis for other Category X airports.

Item No. 3 was moved by Commissioner Johns seconded by Commissioner Guggenheimer. The item was approved unanimously.

3. Authorization to Execute a New Five-Year Agreement with the County of San Mateo to Subsidize Childcare Services - \$306,500

Resolution approving the execution of a new Five-Year Agreement with the County of San Mateo to subsidize childcare services for Airport families and to guarantee availability of such services beginning in Fiscal Year 2008/09 in the amount of \$306,500.

Mr. Martin said that this is a valuable service that the Airport has been providing for many years and while the item on the calendar is very routine he wanted to take this opportunity to highlight the Airport's important contribution to this valuable program over time. He also wanted to recognize Jean Caramatti who serves as a volunteer board member on Palcare.

Commissioner Guggenheim asked if this is a full time program.

Ms. Jean Caramatti, Commission Secretary responded it is from 6 a.m. to about 11:30 p.m.

Mr. Leo Fermin, Deputy Director, Business and Finance said that in 1989 Airport staff joined a task force which consisted of representatives of San Mateo County, the San Mateo County Central Labor Council, and affiliated unions and non-profit organizations such as the United Way and the Childcare Coordinating Council of San Mateo. This task force had the goal of providing quality childcare for employees of the Airport and its tenants.

Two years later in April 1991, in order to create the child care center, San Mateo County purchased the SamTrans Administration Building in Burlingame for \$1.5 million. But this entire project was made possible only because at the time the Airport Commission committed to contributing to the cost of renovating the building and to covering the operating costs of ½ of the available childcare slots, up to a total of 134 slots.

Since 1991 the Airport has provided cumulative funding to date of \$5.3 million. Over this period, Palcare has served over 3,000 children, of which approximately 1,600 were children of Airport employees and Airport tenants.

Commissioner Ito asked how many slots we have now.

Mr. Fermin responded that right now we have 134 slots guaranteed, and as of last month there are 79 Airport children in those slots.

Commissioner Ito said that she understands that the need ebbs and flows with the same ebb and flow in the airline industry, however, with the addition of new airlines and new employees are we meeting the demand or are we planning in this new contract some inflation in terms of slots for children?

Mr. Fermin responded that when this first started Airport children accounted for about 50% of all of the slots. However, since September 11 that number dropped to about 30% of the slots with the contraction of the airline industry. In 1991, at the very beginning, we initially contributed about \$850,000 a year. That number tapered off to about \$550,000 a year around 2000-2001. Then after September

11th it was cut back to \$250,000. We have recently increased it for inflation to slightly over \$300,000.

Commissioner Ito asked if we are continuing to subsidize low wage workers.

Mr. Fermin responded that we give scholarships for low income families.

Commissioner Guggenheim assumed that this is a non-profit entity so a foundation or an individual can make a tax deductible donation.

Mr. Fermin said that it is a non-profit.

Commissioner Johns asked who runs the day care center. Does an RFP go out?

Mr. Fermin responded that the entity is Palcare, a non-profit organization with it's own Board of Directors. Palcare itself has a contract with San Mateo County. The Airport's contractual role is with San Mateo County who oversees the organization. We do not get involved in running the day to day operation..

Commissioner Johns asked who maintains the list of people waiting for a slot.

Mr. Fermin responded that Palcare has an administrative office with an executive director, in-house staff and teachers. An administrator within that office maintains the lists and manages registration and the application process.

Commissioner Johns assumed that Airport employees who need a slot go on that list and they are one of the 134 slots that are available to us?

Mr. Fermin responded that Airport children have priority because of our support.

Commissioner Johns asked about the subsidy amount.

Mr. Fermin responded that on average an Airport child costs about \$487 a month. That is an average because different children stay for different numbers of days and so on. Had there been no subsidy that cost would have been a little over \$700 a month ... so the subsidy is about 44% of the total cost.

Commissioner Ito said that Palcare has been a really excellent example of supporting our family workforce and having a family friendly environment. She was recently approached by the women partners at Skidmore, Owings and Merrill because they were having problems retaining their female architects after having children. She would like to refer them to the Airport to help flush out what it's going to take for some of these businesses in the financial district to support childcare in order to maintain the women's workforce. They are apparently suffering from the loss of a lot of female architects.

Mr. Fermin responded that we would be very happy to help out where we can.

Item No. 4 was moved by Commissioner Guggenheim and seconded by Commissioner Ito. The item was approved unanimously.

4. Award of Contract to SamTrans Route 397 Owl Bus Service - \$205,000

No. 08-0118

Resolution awarding a contract to SamTrans to defray the unrecovered costs of operating the Route 397 Owl Bus Service for one year, with up to four one-year renewal options at an annual cost not-to-exceed \$205,000 for the fiscal year from July 1, 2008 through June 30, 2009.

Mr. Martin said that this is a very routine item but an important one. This subsidy insures that employees living in the City can access jobs when they end their shift after midnight or begin their shift before 5: A.M. when BART is not running. It's a very important service, particularly for new employees who often have to work these odd hours when they first start to work at the Airport.

Mr. McCoy said that this is something we are very proud of. This item seeks approval of a contract with SamTrans that will enable the Airport to defray the unrecovered operating costs of SamTrans Bus Route 397 - a late night bus service to and from SFO to both the Peninsula and downtown San Francisco. The current reimbursement agreement was approved by this Commission in 2003 for a duration of one year with four one year options. All four option years have been exercised and the current agreement will expire at the end of this month.

We are especially proud of this arrangement between the Airport and SamTrans. It provides essential service to many employees and passengers that depend on public transit to and from SFO from 12:45 a.m. and 6:00 a.m. Route 397 provides the only public transit throughout these early morning hours when BART ceases operations. Many employees who end their work shifts after midnight or begin their shifts prior to 5:00 or 5:30 a.m., would not be able to use public transit to get to the Airport without this service. BART does not operate to the Airport between 11:50 PM and 4:50 AM Monday through Friday. On the weekends, BART does not operate until 6:30 A.M. on Saturdays or until 8:00 a.m., on Sundays.

This proposed agreement will reimburse SamTrans for their unrecovered operating costs for Route 397. The Airport's cost is determined each year based on ridership counts. As the ridership to and from SFO increases, the Airport's reimbursement amount decreases. The prorated subsidy plan for 2008/09 is \$205,000, a 7% decrease from the current reimbursement amount because ridership has gone up.

He is seeking Commission approval to award the continuation of this agreement with SamTrans for a period of one year with up to four one year additional renewal options. Funds for this contract are included in the Airport's operating budget.

Commissioner Johns asked where the bus goes.

Mr. McCoy responded that it goes via South San Francisco and then into downtown San Francisco. He is not sure where SamTrans stops downtown.

Mr. Martin thought that it went along Potrero to 3rd Street and then to the Trans Bay Terminal.

F. CONSENT ITEMS OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 13, was moved by Commissioner Ito and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

5. Request for Qualifications for Noise Insulation Consultant

No. 08-0119	Resolution approving rejection of submittal received in the Request for Qualifications process and approving a new RFQ reissue for Noise Insulation Consultant.
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6. Modification No. 1 - SFO Taxicab Smart Card System Contract - ERG Transit Systems (USA), Inc. - \$45,000

No. 08-0120	Resolution approving Modification No. 1 to increase the 2007-08 budget for the existing SFO Taxicab Smart Card System Contract with ERG Transit Systems (USA), Inc., by \$45,000 to pay for system reprogramming to improve operational efficiency. The new proposed FY 07-08 not-to-exceed contract amount is \$145,000 for a new not-to-exceed total contract amount of \$355,000.
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7. Modification No. 4 for Contract No. 8344 - Pre-Employment Background Investigative Services - Elite Backgrounds, Inc. - \$24,150

No. -08-0121	Resolution approving Modification No. 4 for Contract 8344 with Elite Backgrounds, Inc. for pre-employment background investigative services in an amount not-to-exceed \$24,150 effective July 1, 2008 for a new total contract amount not-to-exceed \$73,650.
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8. Bid Call - Contract No. 8626 - Pavement Replacement and Construction

No. 08-0122	Resolution approving the scope, budget, and schedule for Contract No. 8626, Pavement Replacement and Construction and authorizing the Director to call for bids when ready.
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9. Singapore Airlines Lease for Office Space to be Occupied by Singapore Airlines' Corporate Sales Office at Building 710 at Plot 12

No. 08-0123

Resolution approving Singapore Airlines Lease for office space to be occupied by Singapore Airlines' Corporate Sales Office at Building 710 at Plot 12.

10. Agreement with the County of San Mateo for Services Provided by the Airport/Community Roundtable - \$125,000

No. 08-0124

Resolution approving agreement with the City of San Mateo for services provided by the Airport/Community Roundtable during the period of July 1, 2008 thru June 30, 2009, in an amount not to exceed \$125,000.

11. Reimbursement to Bank of America for the Relocation of its International Terminal Night Depository in an Amount not-to-exceed \$57,000

No. 08-0125

Resolution approving a reimbursement to Bank of America, N.A. for the relocation of its International Terminal night depository, as provided for under Domestic Banking Services Lease No. 00-0068, based on actual receipts but not to exceed \$57,000.

12. Airport Improvement Program - Project 3-06-0221-40 (Grant No. 40) Grant Award

No. 08-0126

Resolution authorizing the Director to expend Grant Offer No. 40 from the Federal Aviation Administration (FAA) in the amount of \$16,013,539.

13. Approve Reimbursement of \$9,750 to D-Lew Enterprises, LLC dba Il Fornaio

No. 08-0127

Resolution approving reimbursement of \$9,750 to D-Lew, LLC dba Il Fornaio.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Mr. Brian Garrett, Airport Operations Supervisor, said that last June he was subject to discrimination at the Airport in two forms ... one hostile work environment based on his sexual orientation, and the other was retaliation after he reported that incident to the Airport EEO Programs Office. In both instances he submitted and followed the protocol

to report both of those to the Airport EEO Programs Office. He subsequently received a letter from the Human Resources Director which determined that his claim was without merit. He filed an appeal with the Civil Service Commission as instructed in Nikki Callahan's letter to him. He never received an investigative report that was written by the Airport EEO Program Office as far as the factual data that was gathered with regard to both of these instances. His appeal to the Civil Service Commission is also sitting in limbo based on an internal dispute between the City Attorney's Office and the Civil Service Commission on their jurisdiction on these matters.

He did not know if an investigative report has been made or created by the Airport EEO Program Office, but he has not received. He is seeking to bring this all to conclusion and get back to work. He has been on leave since August of last year.

He asked the Commission to look into the EEO's preparation of that report and calendar this for another Commission meeting. He is seeking assistance into looking into these matters because this should not be happening in San Francisco.

Mr. Pitocchi, SEIU, said that after an absence of two months he was alarmed to find that this had not been resolved. He thought they had resolution to this case months ago, only to find that no one had picked it up and made contact with the union. Brian has been off nearly a year and in order to get back to work we need to mitigate the alleged hostile work environment. They have worked diligently with Airport Administration to try to resolve this and it hasn't happened. There have been other inquiries on this matter. The Human Rights Commission had sent a letter to Rafael Centeno asking him to resolve this matter months ago. He has copies of letters. The importance of this and the degree to which this should've been looked at hasn't been followed. The policy and procedure from the EEO hasn't been followed. Each complaint is owed a letter of determination. Upon his calls to the EEO Office he was told that the investigations were not completed. He asked at that time how they would receive a letter of determination if they do not do an investigation. He said that he was shut down at the EEO Office.

Brian never received letters of determination on either complaint. Mickie Callahan's letter indicated that there was some sort of investigation and he asked about the timeliness of that investigation. Mr. Garrett has been held accountable to the same guidelines as everyone else and he has been timely and fair. This should be mitigated. He asked the Commission to encourage Administration to continue discussing this matter with them and to mitigate it as soon as possible so that Mr. Garrett can be returned to work. He asked for this to be agendaized for follow-up.

Commissioner Mazzola asked Mr. Pitocchi if he, as a union rep, filed a grievance under his contract.

Mr. Pitocchi responded that there is a grievance filed on the bereavement matter but the other issues were EEO issues.

Commissioner Mazzola said that all contracts have discrimination issues within the contract and asked Mr. Pitocchi if he filed under the contract for discrimination?

Mr. Pitocchi responded that he did not. We get one bite at the apple and it is either the administrative EEO complaint, which he filed on those matters, or the grievance. He did

file the grievance on the matter that he had rights to.

Commissioner Ito said that she was happy to hear that this individual tried to resolve it within the department. She worked on these policies about 15 years ago with the City and with the City Attorney's office to make sure that cases weren't going out to the State immediately and that we had a mechanism within every department to prevent litigation from escalating. If a decision was made that found no merit to the complaint, Mr. Garrett could still go to the Department of Human Resources. There is a process internally that any employee can pursue before going to Civil Service.

Ms. Samantha Levins, Pride at Work, an AFL-CIO affiliated labor organization. She is also a member of the Inland Boatman's Union which is a part of the International Longshoremen Warehouse Union, Marine Division and they work in the ferry industry.

She supported Mr. Garrett as a union member, as someone who works in the transportation industry and as an out queer woman at her workplace. As far as she knew, SEIU 1021 has followed the proper procedures throughout the case. They've made every effort to resolve the issue within the bounds of their contract and the EEO and unfortunately this issue has not been taken seriously. As someone who works in public transit and with the public, she knows that their employers spend hundreds of thousands of dollars on customer service training, sensitivity training and other such programs. If this were a case of a customer feeling discriminated against it would be an open and shut case. However, because Mr. Garrett is an openly gay employee who has faced discrimination at his workplace for some reason this isn't being taken as seriously as it should be. She urged the Commission to look at this case and to work with Mr. Garrett and his union representatives to resolve this in a proper manner.

Ms. Emma Jerrold, Pride at Work, an AFL CIO affiliated labor/economic justice group. She is also present as a queer woman in her workplace. She urged the Commission to take action and to direct management not only to allow Mr. Garrett to return to work but to make it very clear that discrimination based on sexual orientation is not unacceptable. Having transgender training is a step in the right direction, but mocking that training and engaging in negative comments towards Brian, an openly gay employee, and targeting him re bereavement leave is also unacceptable. This is an issue of civil rights and gay rights. She urged the Commission to take action and work to make Brian's workplace free from hostility.

Ms. Claire Bowman, co-chair of San Francisco Pride at Work, thanked the Commission for hearing them. This is one of the most historic days in the modern civil rights era. Outside of City Hall people are celebrating one of the greatest victories of our time and the irony that she is standing before the Commission today is not be lost on anyone.

Mr. Garrett has been subject to legal and moral harassment and no worker should have to put up with harassment in the workplace regardless of the reason. Mr. Garrett is a pioneer and should be honored for his bravery for being out and proud, for being gay and for being proud of being union. Instead he has been targeted by his boss. Even more appalling is that Mr. Garrett's alleged harasser has been previously reprimanded for having anti-gay images on his computer.

On this historic day the Commission has the opportunity to stand on the side of equality

and justice and do the right thing. Please work with Mr. Garrett and his union to find a way for him to go back to work safely and quickly. That is all he is asking for.

Ms. Jane Martin, vice chair of San Francisco Pride at Work, said that she was very disturbed by the description of the hostile work environment experienced by Mr. Garrett at the Airport. She agreed that especially on a day like today it is very disturbing to hear about this and have to come before the Commission to talk about it. The kind of discrimination he's experienced against for being gay in his work environment is unconscionable and the lack of response from the EEO is unacceptable. Pride at Work's role is to facilitate cooperation and mutual understanding between the labor community and the LGBT community. They are very active in the gay community and wanted to come before the Commission first to see if this matter can be resolved before talking to the broader gay community about this issue. They hope that the Airport, as a responsible employer, and the Commission can look into finding a solution with Mr. Garrett and with his representative.

Mr. Martin said that the Commission knows that it doesn't hear personnel issues. The City has a process and that process is being followed by SEIU with the appeal to the Civil Service Commission and the review done by the Airport's EEO staff on this matter. Because this is not a calendared item and because it's a personnel issue if the Commission wants a briefing it would have to be done in closed session. He would be happy to do that at a future meeting.

Commissioner Ito said she would like to hear this matter in closed session.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

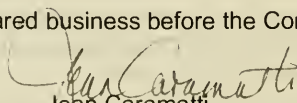
Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

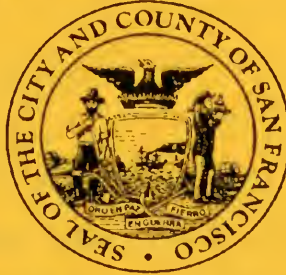
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J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:39 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

July 1, 2008

9:00 A.M.

DOCUMENTS DEPT.

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(400 Van Ness Avenue)
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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
July 1, 2008

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AIRPORT COMMISSION MEETING MINUTES

July 1, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenhime

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:02 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Stephen E. Cheresnik, et al. vs. City and County of San Francisco, San Mateo Superior Court Case No. A115519; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:30 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of June 17, 2008 were adopted unanimously.

No. 08-0128

D. SPECIAL ITEM:

Item No. 1 moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Mr. Harry Yee

No. 08-0129

Resolution thanking Mr. Harry Yee for 33 years of faithful service to the City and County of San Francisco at San Francisco International Airport.

Mr. John Martin, Airport Director said that Mr. Harry Yee has worked at the Airport since 1975 in the Facilities Division as a mechanical engineer. He has always shown a high degree of skill, dedication and integrity in serving the Airport. He is very well liked by his fellow employees. His retirement takes effect today. He is not present today.

Commissioner Mazzola congratulated Mr. Yee.

Commissioner Crayton asked Mr. Martin to extend the Commission's congratulations to Mr. Yee.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

2. Award of Contract No. 8495 - Electrical Substation Security System - BASS Electric - \$1,197,741

No. 08-0130

Resolution awarding Contract No. 8495, Electrical Substation Security System, to the lowest responsive, responsible bidder, Bass Electric, in the Amount of \$1,197,741.

Mr. Ernie Eavis, Deputy Director, Facilities said that approximately three years ago the Airport did a vulnerability assessment on our security and we came up with literally hundreds of different items that needed to be addressed. The item before the Commission today is basically the last piece of that project that we need to complete. It is going to secure our electrical substations, put them under

close circuit TV surveillance, raise the fences around them to make them more secure and to complete this portion of our security perimeter.

BASS Electric, the low bidder, submitted a bid that is within budget. They meet all of the bidding requirements.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

3. Modification No. 9 to the Professional Services Contract with the San Francisco Convention & Visitor's Bureau - \$1,300,000

No. 08-0131 Resolution approving Modification No. 9 to the Professional Services Contract with the San Francisco Convention & Visitor's Bureau for the ongoing development and implementation of International Strategic Marketing Alliance to increase the amount by \$1,300,000 for a new total contract amount not-to-exceed \$3,717,500 and to extend the term for an additional year ending on June 30, 2009. All other terms and conditions of the contract remain in full force and effect.

Ms. Kandace Bender, Deputy Director, Marketing and Communications said that we are now in the ninth year of our marketing partnership with the Convention Visitor's Bureau, a relationship that has been highly effective in helping us to promote our Airport, our City, and to attract new airlines.

We have done a number of things with the Convention Visitor's Bureau including open two offices, one in Tokyo and one in Shanghai. We have retained on the ground representation in other parts of Asia, in Europe, Australia, South America, Mexico and Scandinavia. We have also attracted 15 new airlines, both international and domestic through our joint marketing incentives. We created two new websites in Japanese and Chinese and we have hosted thousands of journalists and officials of perspective new airlines and tour operators.

Last year we hired representation in Korea and India to help promote our new carriers and our new services. Three weeks ago we had all of our representatives from around the world in San Francisco for a two day Strategic Planning Session where we mapped out what we would be doing for the next 18 months together. Although we are seeing some trimming back of routes at SFO overall our numbers are continuing to grow and we are welcoming three new international carriers this summer and fall. In fact, we are one of the few major airports in the country and the only one in California to experience growth in the last 12 months. Our partnership with the CVB has never more important than it is today as we read grim news every single day about the price of oil, airline bankruptcies and the cutting back of service at all airports across the country. It is a little bit worrisome and we know to stay ahead of the game we have to be even more aggressive than we have been in the past. Every major airport in the U.S. is now partnering

with its Visitor's and Convention and Tourism Bureaus to attract passengers and new airlines. For example, there are now more than 50 city-airport combinations in China representing the United States from Minnesota, to Las Vegas to Denver to Orlando, each of which is pushing the agenda of its respective community.

Four months ago China agreed to open up tourism to the United States when it passed its approved destination status. This means that tour groups can now come to the United States as a group and be given visas. Last weekend the Airport and the CVB hosted the very first group traveling to the United States from China ... 130 visitors and 10 journalists for three days. Initially, this group was not scheduled to come to San Francisco but was stopping in Las Vegas, Los Angeles, Washington, Chicago and New York. However, due to the CVB's heavy lobbying they agreed to stop in San Francisco and we think that was a victory.

We are confident that our continued association with the CVB will continue to reap rewards. Even though we are holding our own as everyone around us struggles, we can't afford to ease up on our efforts. The more passengers we attract the more our tenants and our Airport will benefit.

Therefore we are seeking approval on the \$1.3 million modification to the CVB contract through June 30, 2009. At that time a new contract and a new will be developed for the following years.

Commissioner Ito said that the CVB budget has tripled since she has been on the Commission. At this point, because it is a critical relationship and there have been some very positive results, she felt that the Commission needs information on the Strategic Plan Ms. Bender mentioned with specifics about priorities. She realized that we have new offices in India and Korea. Although our international traffic has increased nicely, she would like to know more about the measurables being used to determine the productivity level in terms of the dollars being spent.

At the recent CVB luncheon Commissioner Ito said she was pleased to see how they are paying more attention to the neighborhoods. Visitors aren't just coming through San Francisco to get to Yosemite or the Napa Valley, they are staying in the City and spending money in our neighborhoods and helping our commercial district. She requested an update. She understood that they are updating websites, and asked if there is a plan to expand into different neighborhoods.

She also asked what kind of partnerships we can engage with Clear Channels. We have advertising areas in our Airport that perhaps the CVB and the neighborhood group can partner and promote in our Airport in those spaces that Clear Channels has provided. Also, how can we engage some of the airlines to promote San Francisco in their first class lounges. How is San Francisco being promoted on the flights themselves. Apparently the CVB has some spots on flights promoting San Francisco. She would like to know what they are promoting on those spots and how we might be able to enhance it with partnerships with airlines. Passengers could be receiving a lot more information about our neighborhoods and where to visit.

Ms. Bender responded that the video shown at the recent CVB luncheon is the

one shown overseas and on flights. It features all of the neighborhoods.

Commissioner Ito asked if the airlines are cooperating and showing the video.

Ms. Bender responded that she has seen them on a number of airlines herself. When she travels overseas on trade missions the video is shown to all the tour groups, all the press, all the airlines they visit. It gets a pretty wide viewership.

Mr. Martin said that a Director's Report will be provided at an upcoming meeting on our overall Marketing Plan and the CVB's work so we can get into some detail.

Ms. Bender added that we receive a monthly invoice from the CVB that is very explicit and has a lot of detail on absolutely everything they have done.

Commissioner Ito said that the video is in English so it's not appropriate for all of the various countries we are marketing to.

Ms. Bender responded that the video does not have a voice over, it's just music.

Commissioner Crayton noted that on a recent international flight she read a magazine that talked about San Francisco and that is just another medium that could be used through the Convention and Visitor's Bureau.

Commissioner Ito responded that she has seen opportunities with Southwest as well as a number of other airline magazines. He does a good job.

Commissioner Crayton said that they have also come to our Newsmaker show at Comcast and talked about what they do as well.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 4 through 9, was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Authorization to Accept Bids for up to Nine (9) On-Airport Rental Car Leases

No. 08-0132

Resolution approving the minimum qualification requirements and lease specifications, and authorizing staff to accept bids for up to nine (9) On-Airport Rental Car Leases.

5. Award of Boarding Area F Pharmacy, Health and Beauty Store Lease to Harmony Pharmacy and Health Center, Inc. - Minimum Annual Guarantee: \$240,000

No. 08-0133

Resolution awarding the Boarding Area F Pharmacy, Health, and Beauty Store Lease to Harmony Pharmacy and Health Center, Inc., for a

minimum annual guarantee of \$240,000 for the first year of the lease.

6. Bid Call - Contract No. 8577 - Terminal 1 Carpet Replacement
No. 08-0134 Resolution approving the scope, budget, and schedule for Contract No. 8577, Terminal 1 Carpet Replacement, and authorizing the Director to call for bids when ready.

7. Approval of the Expansion of Premises under Bayport Concession, LLC's New International Terminal Food and Beverage Lease No. 99-0292P

No. 08-0135 Resolution approving the expansion of premises under Bayport Concession, LLC's new International Terminal Food and Beverage Lease No. 99-0292P, from 875 square feet to 1,010 square feet.

8. Approval of Reimbursement to Mr. Robert Simms, REST & Associates, Inc., dba Park SFO, for the Airport's Share of Costs to Accommodate the Bay Trail Connection to the Airport's Pedestrian-Bicycle Bridge - Not to exceed \$45,000

No. 08-0136 Resolution approving reimbursement to Mr. Robert Simms, REST & Associates, Inc., dba Park SFO, for the Airport's share of costs to accommodate the Bay Trail connection through the Park SFO Finger-Pier Park to the Airport Pedestrian-Bicycle Bridge for an amount not to exceed \$45,000.

9. Authorization to Enter into a Funding Agreement with the Metropolitan Transportation Commission - \$220,000

No. 08-0137 Resolution authorizing the Director to enter into a Funding Agreement with the Metropolitan Transportation Commission for a total amount not-to-exceed \$220,000 for SFO's funding contribution toward the Regional Airport Planning Committee's Regional Airport System Planning Analysis.

Commissioner Ito asked if we have a representative.

Mr. Martin responded that he is the official representative. He attends about half the meetings. Danielle Rinsler attends all of the meetings and sits in for him when he is unable to attend. She works closely with the MTC staff. We are preparing a written transmittal with the reports that have been produced to date and we will plan a briefing for the Commission as well.

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:45 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

July 15, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

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JOHN L. MARTIN

Airport Director

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SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
July 15, 2008

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AIRPORT COMMISSION MEETING MINUTES

July 15, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenheimer

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of July 1, 2008 were adopted unanimously.

No. 08-0138

* * *

K. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton said that she is proud to say that she received the Skytrax Passenger Survey and that SFO was named Best Airport in North America. She congratulated the Director and his staff. She is a passenger of SFO and can attest to the validity of the survey and that it was quality research. This particular magazine has 20 years of survey experience so the rating speaks for itself. The Director and his staff needs to be applauded and know that SFO is worthy of this particular honor.

Mr. John Martin, Airport Director thanked the Commission on behalf of the entire Airport staff. A press release was issued yesterday. As part of our ongoing effort we will be coming to the Commission later this Fiscal Year to hire a consultant to help on a continuous basis to evaluate our customer service program and have an independent third party so that we ensure that we continue to be a leader.

Commissioner Mazzola applauded the staff.

Commissioner Ito said that we are in the same standing as the number one world airport ... Hong Kong ... and we are in very good company. She thanked the staff as well because they are the ones that achieved this.

Mr. Martin acknowledged the support of a great Commission.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

1. Modification No. 1 to Professional Services Contract No. 8748 - LSA Associates, Inc. - \$575,000

No. 08-0139

Resolution approving Modification No. 1 to Professional Services Contract No. 8748 with LSA Associates, Inc., to increase the scope of work to include Biological Monitoring and Reporting for the West of Bayshore San Francisco Garter Snake Recovery Action Plan and On-Call Natural Resources and Environmental Planning and Management Services to increase the contract amount by \$575,000 for a total not-to-exceed contract amount of \$835,000.

Mr. Martin said that we have two endangered species on our West of Bayshore property ... the San Francisco Garter Snake and the California Red Legged Frog. We have agreed with the State Fish and Game, the U.S. Fish and Wildlife Service, Regional Water Quality Control Board, and U.S. Army Corps of Engineers to protect and enhance the habitat of these endangered species.

We request Commission approval to modify an existing agreement with LSA for them to do design work that will improve the habitat area for these endangered species and then an on-going monitoring effort that will run through December 2009. We would then return to the Commission annually thereafter. We anticipate that it will end up being a multi-year contract but consistent with our practice of returning to the Commission each year for additional funding.

Commissioner Johns asked if this was for the planning and not the actual work.

Mr. Martin responded that it is for the planning, design work and monitoring, but the construction related work is separate.

Commissioner Mazzola said that there was a time when you couldn't build on or improve land where endangered species were found, but today structures are built on supports and suspended above ground to protect the habitat. Are we looking into anything like that?

Mr. Martin responded that he didn't view it as a site that the Airport would ever be able to develop. BART was able to build its guideway on pilings to protect the habitat. Potentially a high speed rail project would go through the West of Bayshore and would probably be built in a similar fashion to protect the snake.

However, developing cargo buildings or Airport support facilities on the West of Bayshore land is very unlikely.

Commissioner Mazzola asked if this firm could provide an opinion on potential future use.

Mr. Martin said that the meetings he has attended over the years lead him to the conclusion that there is almost no hope of development. He has met with the agency staff, and actually walked the property with them.

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Trial for a Shower Service in the International Terminal with Airport Travel Agency

No. 08-0140 Resolution approving a trial period with Airport Travel Agency for the Operation of a Shower Service in the International Terminal.

Mr. Leo Fermin, Deputy Director, Business and Finance said that at the end of this past February the Hair Salon moved from the International Terminal to a much smaller facility in Terminal 1. Since then there have been no showers available to the general traveling public and from time to time we do get requests via comment cards from our passengers that shower facilities be made available.

The Airport Travel Agency, which is located next door to the former shower facilities, has agreed to a trial operation of the showers to make these available to the traveling public. If this trial proves that the operation of a shower facility can be made viable then we will return to the Commission to request a competitive selection process for this concession opportunity.

* * *

F. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 3 through 9, was moved by Commissioner Crayton and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Authorization to Negotiate a Contract with Environmental Science Associates (ESA) Airports for Professional Services for Project Manager for Aircraft Noise Monitoring and Data Collection System Upgrade, Phase II

No. 08-0141 Resolution authorizing staff to negotiate a contract with Environmental Science Associates (ESA) Airports for Professional Services for Project Manager for Aircraft Noise Monitoring and Data Collection System Upgrade, Phase II.

4. Authorization to Negotiate a Contract with BridgeNet for Acoustical Engineering Services Related to Aircraft Noise Abatement

No. 08-0142 Resolution authorizing staff to negotiate a contract with BridgeNet for Acoustical Engineering Services related to aircraft noise abatement.

5. Authorization to Solicit Proposals as Needed during the Next Three Years and to Negotiate Agreements for Liquidity and Credit Facilities for Variable Rate Bonds and Commercial Paper

No. 08-0143 Resolution authorizing the Director to solicit proposals during the next three years for liquidity and credit facilities to support the Airport's Variable Rate Bonds and Commercial Paper Programs and conduct negotiations following each solicitation.

6. Authorization to Solicit Proposals and to Negotiate a Contract for Issuing and Paying Agent for Commercial Paper

No. 08-0144 Resolution authorizing the Director to solicit proposals and to negotiate a contract with the highest ranked proposer for an Issuing and Paying Agent for the Airport Commercial Paper Program.

7. Bid Call - Contract No. 8587 - Storm Drain System Improvement - East Detention Basin

No. 08-0145 Resolution approving the scope, budget and schedule for Contract No. 8587, Storm Drain System Improvement, East Detention Basin, and authorizing the Director to call for bids when ready.

8. Modification No. 1 to ILJ San Francisco, LLC dba Airport Wireless' Technology Products Stores Lease No. 07-0108

No. 08-0146 Resolution approving Modification No. 1 to Section 7.7 under ILJ San Francisco, LLC's Lease No. 07-0108 calculating the rent during the construction period from 20% of gross revenues to the tiered percentage rent set forth in the Lease.

9. Modification No. 3 to Airport Customer Service Survey Contract - Polaris Research and Development, Inc. - \$36,000

Resolution approving Modification No. 3 to the Airport Customer Service Survey Contract with Polaris Research and Development, Inc., to exercise the second one-year option to extend through December 31, 2009 in the amount of \$36,000 for a new total contract amount not-to-exceed \$232,800.

Commissioner Johns asked what the additional \$36,000 is for.

Ms. Kandace Bender, Deputy Director, Communications and Marketing responded that this is part of our annual customer survey that we do every Spring. The amount was increased because two years ago we opted out of an ACI Survey that cost roughly that amount of money. We felt we weren't getting our monies worth out of it and we weren't getting full results from the companies. So, we put the money back into the survey that we are currently doing in order to expand it. This just modifies the original contract.

Commissioner Johns remembered asking some questions when Ms. Bender reported to the Commission on the last survey. She was curious to note how effective the questions are when people are traveling. They don't want to stop because they are usually in a rush. She wondered about the accuracy of some of these surveys. She asked Mr. Martin if this consultant would work with these survey people, would it be separate, or would they just use the survey as a tool.

Ms. Bender said that we have been doing the survey for about 20 years.

Mr. Martin responded that its been about 30 years.

Ms. Bender said that we survey 1,500 passengers every year. It's very comprehensive. Baseline questions are kept each year so we can measure, but new questions are added each year regarding whatever initiatives we are working on. When we bring in a consultant to look at our customer service program we would certainly work with the survey people and talk to them about how they do it, what they look at and how we need to modify it in the future to measure other issues based on what our consultant helps us with.

It provides a valuable benchmark for us every year. For instance, we can see how we do on cleanliness of bathrooms and safety and security. Year after year, after year we ask the same base questions in order to measure that each year.

Mr. Martin added that it's not perfect but we do get great information. It's very specific so if there is feedback at a particular time of day that restrooms aren't clean in our Boarding Areas we can really pinpoint where our problem is. If there is a lot confusion on signage for passengers within the parking garage or somewhere else we can track that down, so the specific ratings provide useful information that the specific comments provide.

Commissioner Johns asked how often do they survey.

Ms. Bender responded that it during the last part of April first part, first part of May every year and it usually takes about three weeks.

Commissioner Johns asked if the employees know that's when the survey is taking place.

Ms. Bender responded not necessarily. It could be anytime between mid April to mid May. We have learned that it helps our marketing efforts. For example, if we have a campaign running on parking we can ask passengers if they knew about it. How they found out about it. Did they read about it in the papers; see it on television? It helps us to be able to pinpoint where we need to go with those efforts.

Commissioner Ito if the surveys are done late at night as well.

Ms. Bender responded that she was not sure. It is pretty comprehensive, but she doesn't know the exact hours. They do all of the terminals at different times a day ... peak times and off peak times.

Mr. Martin added that he used to manage this survey and we were careful to spread it throughout the day. He will confirm that it is still being done and that we have representation by carriers so that every carrier's passengers are part of the survey as well.

Commissioner Ito said that she raised the issue about the level of service when we changed our parking contract with the valet service. She raised concerns about the 5:30 - 6:00 a.m. service, and after 11:30 p.m service. She knows that's been corrected, however, because those are the times that she primarily travels she would be curious about passenger perceptions during that time. There are still some minor glitches that could occur at later hours or early mornings.

Mr. Martin responded that we will make sure to look at the data for those times. We will provide the tables on the feedback at those times. During the summer months we send out our summer interns early in the morning and late at night to observe the closing hours of the concessions to make sure they are following the hours they should be following.

Commissioner Ito said that she was surprised that valet parking doesn't open until 6 a.m. and for those of us who take the first flight out at 5:30 it's a problem.

Mr. Martin responded the valet parking service needs to be monitored separately. It is such a minuscule percentage of the total passengers that he would be surprised if we had more than two or three people on the survey who use valet parking. We wouldn't have meaningful information.

Commissioner Ito said that it is business travelers who use it.

Mr. Martin responded that some do ... it is CEO level and professional athletes that are the big users of valet parking.

Mr. Martin responded that some do ... it is CEO level and professional athletes that are the big users of valet parking.

* * *

G. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

H. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

I. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:16 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

August 19, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
August 19, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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C.		ADOPTION OF MINUTES:		
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D.		ITEMS INITIATED BY COMMISSIONERS:		4
E.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	1.	Award Lease Agreements for the Rental Car Center Operations:	08-0153 08-0154	
		Hertz Corp., Avis Budget Car Rental, EAN	08-0155	
		(Enterprise Alamo and National), DTAG	08-0156	
		Dollar and Thrifty), Fox	08-0157	4-5
	2.	Award Trade Bid Package Set No. 1 to Contract 8757A - Design Build Services for Terminal 2 - Boarding Area D Renovations - Turner Construction Co.	08-0149	5-7
	3.	Award Trade bid Package Set No. 4 to Contract 8204A - Design Build Services for Secure Connector - Terminal 3 to Boarding Area G Hensel Phelps Construction Co.	08-0150	7-8
	4.	Approval of 14 th Supplemental Resolution Increasing Refunding Bond Authorization by \$2.54 Billion	08-0152	8-9
F.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	Award Contract 8465A - Superbay Hangar Fire Protection Improvement - Schembri Construction	08-0151	9
	6.	Award Contract 8350A - Electrical Distribution Cable Replacement - Bay Area Systems Solutions, Inc., dba BASS Electric	08-0158	9
	7.	Award Contract 8777 - As-Needed Utility Repairs - Ghilotti Bros., Inc.		

8.	Award Contract 8315B - Airport Facilities Miscellaneous HVAC and Mechanical Improvements -Architectural General Construction	08-0159	10-11
9.	Award Contract 8837 - Drug Testing Services Energetix Corp.	08-0160	12
10.	Award Contract 8854 - Veterinary Services SFPD, Airport Bureau K9 Unit - White Ivie Pet Hospital	08-0161	12-13
11.	AIP Project No. 3-06-0221-41 (Grant No. 41) Project Application	08-0162	13
12.	Authorization to Accept and Expend Funds from Narcotics Forfeiture & Asset Fund - Equipment Purchase for SFPD, Airport Bureau	08-0163	13
13.	SFO Permanent Art and Museum Collections Appraisal	08-0164	13-15
14.	Design Approval for Artwork at Secure Connector Between Terminal 3 and Boarding Area G in the International Terminal	08-0165	15
G.	SPECIAL ITEM		
15.	Approve Business Terms and Authorization to Issue Three RFPs for On-Demand Shared- Ride Van Service between SFO and Five Bay Area Counties	08-0166	16-30
H.	NEW BUSINESS:		30
I.	CORRESPONDENCE:		30
J.	CLOSED SESSION:		
	Potential Litigation		31
K.	ADJOURNMENT:		31

AIRPORT COMMISSION MEETING MINUTES

August 19, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenhime

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of July 15, 2008 were adopted unanimously.

No. 08-0148

* * *

D. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

E. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Guggenhime. The vote to approve was unanimous.

1. Award of the Lease Agreements for the Rental Car Center Operations

No. 08-0153	Resolutions awarding the Lease Agreements for
No. 08-0154	the Rental Car Center Operations to: (1) The Hertz
No. 08-0155	Corporation with a MAG of \$10,399,000 for the first
No. 08-0156	year of the Lease Agreement: (2) Avis Budget Car
No. 08-0157	Rental, LLC with a MAG of \$8,688,000 for the first
	year of the Lease Agreement: (3) EAN, LLC under
	the brands Enterprise, Alamo, and National, with a
	MAG of \$6,855,200 for the first year of the Lease

Agreement; (4) DTAG Operations, Inc., under the brands Dollar Rent A Car and Thrifty Car Rental, with a MAG of \$3,576,350 for the first year of the Lease Agreement; and (5) Fox Rent A Car, Inc., with a MAG of \$1,351,201 for the first year of the Lease Agreement.

Mr. Leo Fermin, Deputy Director, Business and Finance said that the bid process for the new rental car leases has been completed successfully. The new leases will commence on December 30, 2008, and as with the current leases, are for a five year term with one five year option at the discretion of the Commission.

These new leases are the first in the country to include incentives to encourage rental of green vehicles. Today, green vehicles comprise roughly 10% of the rental fleet. Under these new leases, there will be an annual target: that at least 15% of rental transactions be with green vehicles. If that target is met, instead of the standard 10% concession fee, the Airport will charge 8% for those green rentals. On non-green rental cars, the standard 10% concession fee will apply. In addition to this lower concession fee for green rentals, the Airport will give the customer a flat \$15 credit per rental contract for a hybrid car.

Currently, there are eight rental car brands on-Airport. A ninth brand, Fox Rent-A-Car will be coming into the Rental Car Center. Currently, Fox operates off-Airport, with these nine brands, we are projecting that in the first full year of the new leases, the total of the concession fee MAG, the building space rent, and the surface lot rent will increase from \$34.6 to \$46.2 million in 2009, a 33% increase.

Commissioner Ito asked if the total number of rental car options is going to be less.

Mr. Fermin responded that customers will have nine options rather than eight.

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Award of Trade Bid Package Set No. 1 to Contract No. 8757A - Design Build Services for Terminal 2 - Boarding Area D Renovations - Turner Construction Company - \$12,482,326

No. 08-0149

Resolution awarding Trade Bid Package Set No. 1 (Bid Packages 1.00, 1.03, 1.04, 1.05, 1.06, 1.07, 1.09, 1.10, 1.11, and 2.01) to Contract No. 8757A, Design-Build Services for Terminal 2/Boarding Area D Renovations to Turner Construction Company, in the amount of \$12,482,326.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction said that this item requests authorization to award Trade Bid Package Set No. 1 to Turner

Construction in the amount of \$12,482,326 for a new total contract amount of \$42,422,676.

In February, the Commission awarded Contract 8757A Design-Build Services for Terminal 2/Boarding Area D Renovations to Turner Construction Co. The initial award amount of \$29,940,350 provided for design services, general conditions costs and an initial allowance of \$4,000,000 for preliminary construction activities.

This item awards Trade Bid Package Set No. 1 to Turner Construction for various bid packages, with scopes of work including mobilization, site investigations, demolition and relocation of current Airport functions that are within the footprint of the proposed construction area which includes the Medical Office, the Employment Office and the Security Access Office.

As required by the Administrative Code, these bid packages were competitively bid by the contractor to a minimum of three pre-qualified subcontractors. Staff has reviewed the low bids and determined that the bidders are responsive, responsible and that the proposed scope of work accurately reflects the agreed upon scope with the contractor.

The proposed award of Trade Bid Package Set No. 1 to the listed subcontractors in Attachment A is within the overall budget for this work. This amount is approximately \$3.35 Million less than the engineer's estimate. One exception to this estimate relates to the cost of demolition. There will be a subsequent award of electrical demolition in the amount of \$300,000, which is not reflected in the under-run of \$3.35 Million.

As shown in Attachment B the Airport is forecasting a cost at completion for this contract of \$344,322,802. At this stage in the project, given the level of detail in the schematic design documents and the level of overall program contingencies, we feel that this is well within an acceptable range of the budget of \$341,548,310. Staff is working with the contractor to identify and implement cost reduction measures, currently estimated at \$16 Million, to bring the cost forecast down to within that range of the budget.

The substantial completion date is September 30, 2010. Funding is provided from the Airport's Capital Improvement Program budget. We will seek reimbursement for the EDS components of the baggage handling system from the TSA.

The HRC LBE subcontractor goal for this contract is 15%. With this award Turner is committing to achieve 41% LBE subcontractor participation for the listed trade packages.

Commissioner Ito asked if we are on target with the timelines.

Mr. Satero responded that we are on track. We have added program scope early on so we anticipate that the contractor will request some additional time. We are awaiting a time impact evaluation. We added the seismic upgrade of the terminal, and the strengthening of the upper level roadway so there are some program adds that may have a schedule impact and the contractor owes us what that

impact is. Right now we are on track until we evaluate if there is a schedule impact for that added program scope.

Commissioner Ito said that she is impressed with Turner's 41% LBE participation. They should be commended for that effort.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of Trade Bid Package Set No. 4 to Contract No. 8204A - Design Build Services for Secure Connector - Terminal 3 to Boarding Area G - Hensel Phelps Construction Company - \$3,009,479

No. 08-0150	Resolution awarding Trade Bid Package Set No. 4 (Bid Packages 10, 12,13, 14,15, 20, 22, 23, 24, 29 and 30) to Contract No. 8204A, Design-Build Services for Secure Connector - Terminal 3 to Boarding Area G with Hensel Phelps Construction Company in the amount of \$2,859,479. This award establishes the final guaranteed maximum price for the contract in the amount of \$16,013,407.
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Mr. Satero said that this item requests authorization to award Trade Bid Package Set No. 4 to Hensel Phelps in the amount of \$3,009,479 and establish the final guaranteed maximum price for this contract at \$16,013,407.

To date, the Commission has approved award of this contract to Hensel Phelps in the initial amount of \$2,930,000 for design services, general condition costs and an allowance of \$450,000 for initial construction activities, and has authorized the award of Trade Bid Package Sets Nos. 1, 2 and 3 for various items of work in the amount of \$9,676,443. This item awards Trade Bid Package Set No. 4 to Hensel Phelps for all remaining work, primarily consisting of the finishes and civil work.

Seven of these 11 trade bid packages were competitively bid by the contractor to a minimum of three pre-qualified bidders. Staff has reviewed the low bids and determined that the bidders are responsive, responsible and that the agreed-upon scope of work accurately reflects the trade bid packages. Three of the trade bid packages have not been fully scoped and will be negotiated, as shown in Attachment A. Airport staff negotiated the General Requirements in the final trade bid package, which Hensel Phelps will self-perform. These four negotiated sub trade packages amount to 5.5% of the total cost of construction which is within the 7.5% allowed by City Administrative Code for this type of contract.

As part of this award Staff has negotiated a 2% not to exceed contingency amount for any scope gap issues and schedule risks, and will be paid to the contractor on an actual cost basis. We have also included an allowance of \$150,000 in this proposed award to cover one outstanding issue relating to fire eparation between the North Connector building and the International Terminal. This is the highest anticipated cost for this and will be paid for on an actual cost basis.

The proposed final guaranteed maximum price of \$16,013,407 is approximately \$400,000 less than the previous cost forecast presented to the Commission. The overall guaranteed maximum price is within the \$16,700,000 budget for the project.

Ten additional days have been granted to the contractor for early unforeseen conditions during foundations construction ... we found piping not shown on the drawings. As a result, the new substantial completion date is December 22, 2008.

Funding is provided from the Airport's Capital Improvement Program and Federal Funds. Due to the federal funding component, there are no HRC LBE subcontractor participation goals, but this package provides significant opportunities for LBE participation and with this award the contractor will achieve 10.9% LBE participation on the overall project.

Commissioner Crayton understood that there are no requirements for the HRC LBE subcontractor goals but as she looks at this entire project there are a lot of minority and local business opportunities on this project.

Mr. Satero said that 10.9% of the total project construction costs will go to LBE or DBE certified subcontractors.

Commissioner Crayton felt that it should be higher than 10%.

Mr. Satero responded that Hensel Phelps made an extensive effort to involve LBE participation in these final bid packages. They spent a lot of time going through availability of firms and upcoming scope of work. A lot of the work was foundation and structural steel and glazing systems so there wasn't a lot of content in the finishes work. They did a very good job with LBE participation in the finish work ... painting, roofing, carpeting. Six trade packages will have LBE subcontractor participation. They did a good job with 10.9%. It's a reasonable participation goal.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

4. Approval of Fourteenth Supplemental Resolution Increasing Refunding Bond Authorization by \$2.54 Billion

No. 08-0152

Approval of the Fourteenth Supplemental Resolution amending and supplementing prior resolutions to authorize an additional \$2,540,000,000 Aggregate Principal Amount of San Francisco International Airport Second Series Revenue Refunding Bonds.

Mr. Fermin said that the attached resolution is a 14th Supplemental to the Airport's Master Bond Resolution. This provides the umbrella framework for potential bond refinancings in the future. The Airport's Financial Advisory Committee reviewed and approved moving forward with this. We now request your approval of this in

order to be ready, if necessary, to move forward for refunding in two areas.

First, you will recall that in this past spring some of the bonds insurers had their credit ratings downgraded. As a result, the Airport's Financing Team moved very quickly to replace the bonds insured by those downgraded insurers with bonds insured by the two remaining AAA insurers and with Letters of Credit. Just in case these two remaining AAA insurers are also downgraded, we want to be ready to refinance the bonds they insure, if it is advantageous to do so.

Second, over the next two years a total of \$1.44 Billion in bonds will become callable. Depending on where interest rates are, we may realize debt service savings be refinancing some or all of these bonds.

Upon Commission approval, this 14th Supplemental Resolution will next go to the Board of Supervisors for their approval. Then if it becomes desirable to actually do any refunding in the future, you will have to approve the Sale Resolutions for each series of refunding bonds.

Commissioner Guggenheimer clarified that this was being done in the event of an emergency with the insurers.

Mermin responded that this will position us to move forward, if necessary.

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F. AGENDA ITEM 10 - AGENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

Agenda Item No. 9, item Nos. 5 to 6 and 8 through 14, was moved by Commissioner Grayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous. Item No. 7 was voted on separately.

5. Award of Contract No. 8465A - Superbay Hangar Fire Protection Improvement Schembri Construction, Inc. - \$813,711

No. 08-0151	Resolution awarding Contract No. 8465A, Superbay Hangar Fire Protection Improvement, to the lowest responsive, responsible bidder, Schembri Construction, Inc., in the amount of \$813,711.
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6. Award of Contract No. 8350A - Electrical Distribution Cable Replacement Bay Area Systems Solutions, Inc., dba BASS Electric - \$2,074,700

No. 08-0158	Resolution awarding Contract No 8350A, Electrical Distribution Cable Replacement, to the lowest responsive, responsible bidder, Bay Area Systems Solutions, Inc., dba BASS Electric, in the amount of \$2,074,700.
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Item No. 7 was moved by Commissioner Ito and seconded by Commissioner Crayton. The item was rejected by a 4 to 1 vote, with Commissioner Guggenheim casting the sole vote in favor of award.

7. Award of Contract No. 8777 - As-Needed Utility Repairs - Ghilotti Bros. Inc. - \$585,070

Resolution awarding Contract No. 8777, As-Needed Utility Repairs, to the lowest responsive, responsible bidder, Ghilotti Bros., Inc., in the amount of \$585,070.

Commissioner Ito was curious how the bid came in so low based on the engineer's estimate.

Commissioner Mazzola noted that it is about 40% lower than the next bidder.

Mr. Ernie Eavis, Deputy Director, Facilities said that the engineer's estimate is about half way between the low bid and the second bid. Ghilotti has been bidding on projects at SFO for the last 30 years and they have a very good handle on what the work will cost. We looked at their bid and it is nothing out of the ordinary.

Commissioner Mazzola asked if we needed new engineers.

Commissioner Ito noted that even with the contingency allowance they are going to be about \$200,000 under our engineer's estimate.

Mr. Eavis said that this is an as-needed contract so the items they bid on aren't necessarily the ones that are actually going to be performed. About half of them will be. A lot of these types of contracts are negotiated once we get a low bidder, so it is not something that you need to be concerned about.

Commissioner Mazzola said that the bid is so far apart that he doesn't understand it. He noted Mr. Eavis' comment that "Ghilotti always bids here," and asked if that means that Ghilotti will always get this contract and other bidders don't have a chance?

Mr. Eavis responded that it doesn't mean that in so many words. A lot of the costs in these projects is the mobilization and the demobilization for specific tasks and contractors that are working here on an ongoing basis do have an advantage over somebody that is not working here because they already have the people, the equipment and the materials close by so there is an advantage.

Commissioner Mazzola asked if we tell other perspective bidders that they are going to bid against a company that has an advantage.

Mr. Eavis responded that we don't say that other contractors have an advantage. They learn that after they have bid a few times and then they start changing their bids. They look at the risk on these contracts and realize it's not as great as they had anticipated. A lot of the newer bidders think there is a great risk on some of

our contracts ... they might not get paid on time. They aren't used to dealing with the Airport but once they find out that we pay quickly, they lower their prices.

Commissioner Mazzola said that when our engineers put their number in ... Mr. Eavis said that it's somewhere between these two numbers ... they don't consider payments on time and they don't consider all that other things, and they are still going to be \$150,000 or \$250,000 ahead of Ghilotti. Why is that? They're our engineers. They know what's up. Is this a not-to-exceed bid?

Mr. Eavis responded that the engineer's estimates are very conservative lately because construction prices were going up so steeply. The estimate is made ahead of time so they are trying to anticipate fuel prices, for example. At the time the estimate was made fuel prices were going through the ceiling. Then things began leveling off. But they didn't want to have to rebid the contract so they have been trying to make conservative estimates so that they don't have to come back to the Commission multiple times to award a contract.

Commissioner Mazzola thought that this gap was ridiculous. Just because these bidders have been at the Airport they can just throw a number at us that is 30% to 50% below our estimates and then get the job. The other bidders don't do that. It's not a fair pool. We might as well just let Ghilotti do it all and not put it out to bid because he is the one always getting the award. We need to revisit how we do this and make the playing field even for bidders, or, don't bid it and just negotiate the contract. A lot of City contracts have to be bid, but a lot are negotiated. If you want to keep the same contractors, we ought to talk to them about what they are doing.

Commissioner Guggenhime asked how often is the contract changed.

Commissioner Mazzola responded that if it's a not-to-exceed contract they can only do that much work. If there is an emergency and they are on property, there will be a change order to the contract.

Mr. Eavis responded that it depends on the type of work. If it is something that was listed as a unit price in the contract then that is the price they get paid; they don't get paid a different amount.

Mr. Martin said that we have done really well in not having change orders go above the budgeted amount (the 7.5% that the Commission approves as a contingency budget) on the work on the utility area in the airfield. These are not problem contracts in terms of contractor's running over.

8. Award of Contract No. 8315B - Airport Facilities Miscellaneous HVAC and Mechanical Improvements - Architectural General Construction, Inc. - \$328,500

No. 08-0159

Resolution awarding Contract No. 8315B, Airport Facilities Miscellaneous HVAC and Mechanical Improvements, to the lowest responsive, responsible bidder, Architectural General

9. Award of Contract No. 8837 - Drug Testing Services - Energetix Corporation - \$32,800

No. 08-0160 Resolution awarding Contract No. 8837 for Drug Testing Services in an amount not-to-exceed \$32,800 for a period of two years effective September 1, 2008 with five one-year options exercisable at the sole discretion of the Commission.

Commissioner Ito asked if Energetix is a local testing firm. Have they been providing these types of tests for other airports.

Ms. Theresa Lee, Deputy Director, Administration said that four proposals were submitted and all four were non-local. Our current provider is not a local firm and that doesn't pose any problems in terms of execution of the services we need.

Energetix is based on the East Coast.

10. Award of Contract No. 8854 - Veterinary Services for San Francisco Police Department, Airport Bureau K9 Unit - White Ivie Pet Hospital - \$180,000

No. 08-0161 Resolution awarding Professional Services Contract No. 8854 for Veterinary Services for the San Francisco Police Department, Airport Bureau K9 Unit in an amount not-to-exceed \$180,000 for a period of three years effective October 1, 2008 with two one-year options exercisable at the sole discretion of the Commission.

Commissioner Ito noted that there was an issue about distance or service level and she noted that only one proposal was submitted. Are they resolving some of the concerns that the Airport Police Bureau had regarding the service level?

Mr. Tryg McCoy, Deputy Director, Operations and Security asked Commissioner Ito if she is asking about the service level with the current provider White Ivie?

Commissioner Ito she thought that there were some concerns about White Ivie's availability or access to their services.

Mr. McCoy responded that it was his understanding that the SFO Police Bureau has been quite satisfied with White Ivie so we had no qualms in recommending this award. They have an office within a 10 mile range of the Airport.

Commissioner Johns noted that it was not to exceed \$90,000 a year, or \$180,000 for a two year period. She asked how many dogs are in this K-9 Unit.

Mr. McCoy responded that we are authorized for 14. We have 12 dogs, with two in training.

It is actually a surprisingly high number but they are working dogs and they need regular medical care just like a valuable asset would.

11. Airport Improvement Program - Project No. 3-06-0221-41 - (Grant No. 41) Project Application - \$3,533,299

No. 08-0 Resolution authorizing the Director to execute and file a project application with the Federal Aviation Administration (FAA) for Federal Assistance in the amount of \$3,533,299.

12. Authorize Staff to Expend Funds from the Narcotics Forfeiture & Asset Fund Equipment Purchase for the San Francisco Police Department-Airport Bureau - \$636,500

No. 08-0163 Resolution authorizing staff to expend funds from the Narcotics Forfeiture & Asset Funds in the amount of \$636,500 for purchase of equipment for the San Francisco Police Department - Airport Bureau.

13. San Francisco Airport Permanent Art and Museum Collections Appraisal

No. 08-0164 Resolution authorizing a Request for Qualifications process to create a pre-qualified pool of Art Appraisal Consultants for the San Francisco Airport Permanent Art and Museum Collections.

Commissioner Ito was happy to see that staff is looking to appraise our artwork. She hoped that once the assessment has been made that adequate funding will be provided so that we are insured appropriately. She was shocked to learn that nothing has been done on a comprehensive level for 30 years.

Commissioner Johns understood that our collection is diverse and wondered in this pool of appraisers or consultants how are we going to pull in specialists in the various art fields. Have we thought about working in conjunction with the Fine Arts Museum?

Mr. Fermin responded that we are planning to work with the Arts Commission and our staff will work closely with their team in identifying potential appraisers. We have not yet begun to process but we plan to work collaboratively with them.

Commissioner Johns said that she did not mean the Arts Commission but rather the Fine Arts Museum.

Mr. Fermin responded that we can work with them and seek their advice.

Commissioner Johns said that she is concerned about the diversity in the collection and the fact that we haven't had it appraised in so long. In the art field you need specialists in those different periods of time ... in modern art and the more traditional.

Mr. Fermin noted that as individual items were acquired over the years they were appraised at the time of acquisition so it isn't that none of the items have been appraised for this period of time.

Commissioner Johns understood that, but they still have to be updated.

Mr. Martin said that once drafted the RFP will be sent to a staff person from the Fine Arts Museum with whom we work closely to make sure that the RFP is drafted to include the specialists we need.

Commissioner Johns assumed that staff will return for approval of the pool of appraisers.

Mr. Martin responded that we will return to the Commission.

Commissioner Guggenheimer said that everyone with a collection has a book with the name of the painting and the artist. We could send it to Butterfields.

Mr. Martin said that we have that list and the staff has updated the values over time but it will be very important to have an independent appraisal done. It's become a very valuable collection and we want to make sure its protected.

Commissioner Johns asked if we periodically go around and make sure the collection is there.

Mr Martin responded that we do.

Commissioner Crayton asked if there is any collaboration with MOAD, Museum of the African Diaspora.

Ms. Susan Pontious, Art Commission responded that the collection as a whole, which has been acquired since the mid 1970s, consists of about 98 artists and over 100 pieces. Of that collection, 30% are minority artists, 22% are women, and 70% are Bay Area artists.

Of the artwork acquired since 1994, which is when we began the Master Plan Project, 46% of our collection is minority artists, 38% women artists, and 65% local artists. Our application rate of minority artists rarely goes above 16%. I personally do very strong outreach and I am very proud to say that the actual commissioning or purchasing rate reflects the quality of those artists that are recruited and that they are competing on a national scale.

Commissioner Crayton asked if they have any collaboration with MOAD.

Ms. Pontious responded that she knows MOAD. We routinely outreach to curators across the Bay Area and nationally looking to identify new artists.

Commissioner Crayton noted that they have asked to have some of their work displayed at the Airport.

Ms. Pontious responded that they don't do exhibitions, they just do the permanent acquisitions.

Commissioner Ito shared Commissioner Crayton's level of concern that we are supporting a diverse selection of artists as well as locally supported artists. She represents the Commission on the Airport/Art Joint Committee and she raised this issue at the last meeting. Susan Pontious was gracious enough to explain some of her outreach efforts and ways that any one of us can assist in that.

Commissioner Ito recently met with London Breed, Director of the African American Cultural Center, and once her schedule clears she is hoping that Ms. Breed will consult with Susan and staff and help to introduce her to new artists. There are a lot of new young artists are out there, but it is not the nature of artists to feel that their work rises to the occasion of public art. There is an education process in our communities that we need to support and help people become aware that there may be opportunities that their art would rise to that occasion with some assistance. It is a complex process.

Commissioner Crayton said that she is very good on art and London is not the authority. We should consult others.

Commissioner Ito said that she understood MOAD.

Ms. Pontious said that there are many assets we can utilize to recruit more artists. We have done a pretty respectable job so far.

14. Design Approval for Artwork at Secure Connector Between Terminal 3 and Boarding Area G in the International Terminal

No. 08-0165

Resolution approving the artwork of artist Bob Zoell at the Secure Connector between Terminal 3 and Boarding Area G in the International Terminal.

Commissioner Ito noted that there were some final technical modifications on this piece and Susan Pontious is going to meet with the artist and try to make those minor modifications. She wanted it on the record that this was discussed and proposed. Hopefully the artist won't be offended and those changes will be made.

Mr. Martin responded that staff will follow up with a memo to the Commission to confirm changes have been made.

* * *

G. SPECIAL ITEM:

Commissioner Johns reminded the Commission that she had been recused from participating on this item at a previous meeting and would like to continue that recusal.

Commissioner Ito moved to recuse Commissioner Johns from participating on Item No. 15. Commissioner Mazzola seconded the motion. The motion to recuse Commissioner Johns was unanimous.

Item No. 15 was moved by Commissioner Guggenlime and seconded by Commissioner Ito. The vote to approve was unanimous.

15. Approve the Business Terms and Authorization to Issue Three Requests for Proposals for On-Demand Shared-Ride Van Service between San Francisco International Airport (SFO) and the Five Bay Area Counties

No. 08-0166	Resolution approving the business terms and authorizing issuance of three requests for proposals to award four On-Demand Shared-ride Service Agreements for On-Demand Shared-Ride Service between San Francisco International Airport and the Five Bay Area Counties.
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Mr. McCoy explained that before the Commission this morning is a proposal that will fundamentally restructure the existing door to door van program at San Francisco International Airport. The proposal is modeled on best industry practices to provide clean, safe and affordable shared-ride transportation to our passengers. The proposal will also increase the use of clean energy vehicles to meet the Airport Commission's Clean Air Policy and will allow the successful proposers to grow their business to match demand.

Upon the award and start-up of the proposed new four service agreements for on-demand shared-ride service from San Francisco International Airport, the 11 existing permits for door-to-door service will be terminated.

The current program with eleven operating permits was established by this Commission in 1993. Since then, eleven companies have operated out of three distinct center island loading zones at the domestic terminals and one consolidated zone at the International Terminal. Recognizing the difficulty in accommodating eleven companies within the confines of limited curb space, the Airport imposed a moratorium in 1993 on issuing any additional door to door permits. Although sheltered from outside competition for the last 15 years, few if any of the current permit holders are satisfied with the status quo. Airport staff is also not happy with the current situation, and most importantly our customers are not receiving the best service possible. There is a better way of providing this on demand shared ride service that will solve three fundamental problems with our current program:

1. The 1993 door-to-door curb space allocations create an unequal playing field among the eleven permitted operators and their drivers. There are too many companies competing for curb access and too little curb space. To make the

1993 program work, the Airport had to limit the number of permitted vans each company can operate and has had to assign as many as nine companies to one zone with three spaces. Companies complain that they can't grow because of their long waits to get to the curb. And companies also argue that some zones are in a preferable location, in front of the terminals, than other zones.

2. Existing service providers range in size from operating as few as four vans to as many as 125 vans. In the vast majority of cases, the actual van drivers for these companies operate as owner/operators and are not actual employees of the permitted companies. With eleven different companies exercising varying degrees of management, quality control, training and oversight, customers using the shared-ride service experience widely varying levels of service, company van availability, vehicle condition and appearance.

3. Company and driver owner/operator profitability is diluted to the point that investment in new clean-air vans has virtually ceased. As of today, only 8% of the 225 permitted vans run on clean fuel. For comparison the hotel shuttle buses, and off airport parking vans are 100% clean energy. Crew vans are 55% clean energy and even the taxi industry operates 14% clean energy or energy efficient cabs, and that percentage is growing. Part of the problem has been availability of vans serviceable for the door-to-door van industry. Although clean air vans were not produced from 2005 to 2007 in the last 18 months that they have been available, only two additional CNG vans have been placed into service ... one each operated by American Airporter and Super Shuttle.

Over the past few years, Airport staff has tried to make changes to the industry. Meetings have been held with all of the permit holders to discuss issues and explore solutions to improve service and equity among companies. In every case, no consensus could be reached. This spring, staff conducted three workshops with the shared-ride operators to address the above challenges and to open dialog about simplifying the business and improving the customer experience, and how to place more clean air vehicles into service. In addition, staff conducted customer and driver surveys to better understand their needs and concerns. The feedback expressed by the customers, the drivers, and the Airport clearly articulated that it is necessary to change the program, although the type and level of change was not agreed upon by the existing permit holders. Some companies wanted to keep it as it was, some companies wanted a radical change, some companies didn't really have an idea on how to change it. We have simply never reached agreement about how and the extent of improvement that can be made within the confines of the current program. The inherent problems of too many companies vying for limited curb space prevent us from achieving the both the Airport's goals and the van companies operators goals.

My staff and I have done our due diligence and now propose that SFO start fresh with a completely new customer focused on demand shared ride program.

In keeping with current Airport industry trends, this type of ground transportation will now be referred to as "On-Demand Shared-Ride" and the previous term of Door-to-Door will be dropped. That is becoming the standard across airports in the nation. It is just referred to as the Shared-Ride Industry. Wayfinding Signage

will simply say Shared-Ride with arrows directing people to where that service is provided. Staff proposes to simplify the customer experience by providing one consolidated (shared-ride) loading zone per Terminal. Each consolidated loading zone will have two spaces for the South and East Bay service operator, one space for each of the two City and County of San Francisco service operators, and three to four spaces for the South and East Bay and San Francisco service operator.

The current situation starting from the left (on the screen) in what we now call the yellow zone, and this is for example in Terminal 3. We have three different spaces and we have seven companies serving San Francisco and one company serving the South and East Bay trying to fit into those three spaces. Further along the Terminal in what we now call the Red Zone, we have two companies both serving San Francisco. On the far side, what we call the Blue Zone, we have one large company serving San Francisco, South and East Bay and three spaces. Again this is in the Domestic Terminals where we have this split operation. We have 11 companies in three zones.

The proposal is to operate out of a consolidated zone. This has tremendous benefits for the companies and the customers. The proposal is to have two companies, labeled company 1 and 2, serving San Francisco. Each company would have 30 to 40 vans and each company would have their own guaranteed space. To the right working along spaces three and four would be for one company serving the south and east bay and they have two spaces for only 20-30 vans,. The reason they have two spaces is that they take time to build their trips, they don't want to combine somebody going to San Jose with someone going to Richmond, so they need space to separate people.

Spaces 5, 6, 7, and 8 would be for one large company with from 120-140 vans with four spaces. The real benefit here for the customer is that now at the Domestic Terminals they can walk out and walk across one crosswalk and have all the choices that they want without having to decide whether to go left, center or right. They simply walk out to the Shared-Ride Zone and can choose among the four companies. All four companies can thrive because they will all have access to the curb. We will have two small and one large company serving San Francisco, and one small and one large company serving the South and East Bay.

The reason I am confident that this will work is it really is a best industry practice and takes place at other airports. I have seen it work in Los Angeles, a consolidated zone and in that case there are two companies. We can make it work with four. I also know that it will work because this is actually the way we do it in the International Terminal today ... we have a consolidated zone, but this is an improvement to that because this guarantees a space for each of the companies. In the International Terminal today I still have eleven companies trying to get into that one consolidated zone.

In order to accomplish this reorganization of On-Demand Shared Ride Program staff will issue three Requests for Proposals (RFP) to award four operating permits. One RFP will be to provide service to San Mateo, Santa Clara, Alameda and Contra Costa counties (South and East Bay RFP) with the award of one service agreement for 20-30 vans. Another RFP will be to provide service to the

City and County of San Francisco (SF RFP) with the award of two service agreements for 30-40 vans each. The last RFP will include a trip-fee based minimum annual guarantee or MAG to provide service to the City and County of San Francisco plus the South and East Bay with the award of one service agreement for 120-140 vans (Bay Area RFP). These van allocations have been modified from the numbers that are in your original Commission package and what others may have had in the audience here as a result of further consideration about the number of vans. Final van numbers may be adjusted based on industry input from a pre-proposal meeting.

Now the Business Terms of this are different than the current operating permits. The South and East Bay RFP and the San Francisco RFP requires service providers to pay trip fees and a proportionate share of the Airport's Curbside Management Program. What is really different here is that the Bay Area RFP, the RFP for the large 120 and 140 van company that serves San Francisco and the South and East Bay will pre-pay a MAG based on their number of trip fees. We anticipate that MAG to be \$600,000, and they will also provide their own curbside coordination and share in the cost of the staging lot coordination.

The Business Terms common to all three RFPs are that all three RFPs will be issued on the same date, the service terms ... there will be a term on these concession agreements ... is for five years with two, two-year options to renew at the sole discretion of the Airport Commission.

Proposers will be able to submit proposals for more than one RFP, but will be awarded only one of the four shared-ride service agreements.

Minimum qualifications ... a current Passenger Stage Corporation (PSC) or Transportation Charter Party (TCP) certificate issued by the California Public Utilities Commission and a minimum of five (5) years of verifiable experience in both operating and managing an on-demand, charter, pre-arranged or shared-ride van service.

They will also get exclusive use of one, two, three or four, based on which proposal they make, for dedicated pick-up spaces designated by the Airport Director within one consolidated zone per terminal.

All companies will have to have a 24-hour telephone and web-based reservation system.

Proposers will have to include a transition plan including a good faith preference process for recruiting, considering, hiring or otherwise retaining current drivers. The Airport Worker Retention Program only applies to the Curbside Management staff (approximately 26). That is because the vast majority of these drivers are owner operators and are really not considered employees.

The most important part of this also is a compliance with the Clean Air Vehicle goals stipulated within the RFP:

- *20% of all vehicles from each company will be clean air vehicles upon start up
- *40% after year one

- *60% after year two
- *80% after year three
- *100% after year four

We will mandate 100% Clean Air Vehicles four years after start up. We are also changing the van age and mileage maximums to 4 years or 400,000 mile for gas vehicles, 5 years or \$500,000 for CNG vans.

The expected result of this process is to provide a mix of both large and small companies providing convenient, high-quality service, utilizing an increasing number of clean air vans, as well as enhanced value and ease of choice for Airport patrons. Drivers and owner-operators will experience shorter wait times in the staging lot and a fair share of each terminal's curb space and shared-ride customers.

Clearly the reduction from eleven to four authorized on-demand shared-ride providers has generated the greatest concern among current permit holders. The fact is that this is an open and competitive bid process. Current business owners can submit proposals for any of the RFPs under their existing identity, they can form a joint venture, they can form a consortium or partnership. We have met with the Mayor's Office of Small Business and they are prepared to offer assistance to any company interested in reorganizing.

Companies not awarded one of the four concession agreements can still be awarded operating permits. There are other ways of doing business other than pick up at the curb for the shared ride.

They can provide pre-arranged transportation services to and from the Airport as do the limousines and other charter party carriers. They would be permitted to continue to pick up passengers from residences or hotels anywhere within the Bay Area and drop off passengers at the Airport, and, they can pick up passengers at the lower level of each terminal on a pre-arranged basis and deliver them to residence or hotels anywhere within the Bay Area.

In considering this proposal, it is critical to understand that very few shared-ride van drivers are actual employees. At least 95% of all drivers are independent van owner/operators, or franchise operators, whatever their business relationship is with the current permit holders. These van owner/operators could switch their association to companies that submit successful proposals, providing that they meet the companies' requirements for driving and their vans meet the new mileage and model year standards. The asset is that the owner-operators own the van. If there are a fewer number of companies permitted in the future, there are the same number of vans permitted in the future. One would assume that the current drivers would all be employed, but by a fewer number of companies. The Airport is strongly encouraging successful proposers to make good faith efforts to recruit all qualified displaced drivers and owner/operators. The continuity of service of shared-ride van drivers is desired by the new concession holders so that the drivers' experience and knowledge of the Bay Area continues to be utilized.

For the past few years my staff and I have tried to improve the existing program

within the confines of the permits. We have listened to the current permit holders and we've tried to adjust the system but we simply can't do it within the confines of the current agreement with 11 companies. We absolutely believe that the time is right to start over and reduce the number of companies and provide a more level playing field.

I recommend adoption of the accompanying resolution, which approves the business terms with the increased van numbers as detailed this morning and authorizes staff to issue three RFPs to award four On-Demand Shared-Ride service agreements for these van services.

Staff will issue the RFP within 30 days of Commission approval and subsequently hold a pre-proposal hearing. In that hearing we may modify certain business conditions based upon industry feedback., We may change the van allocation, we may make other minor changes. Staff will return to the Commission after that pre-proposal hearing to seek approval to actually issue the RFPs based on the modified Business Terms that we present to you after the pre-proposal meeting.

The current program will remain in operation until start up of the concession agreements. We are allowing a lot of time for this to play out. We don't actually anticipate there being a change until May or June of 2009.

Commissioner Guggenheim asked if we only have one company what is to prevent a monopoly-like pricing level. If you don't have competition serving the South and East Bay with 20 - 30 vans of one company.

Mr. McCoy responded that there are two companies South and East Bay. The larger company does both San Francisco and South and East Bay.

Commissioner Guggenheim said that with a limited number of people competing, what is to prevent a price structure without a lot of competition.

Mr. McCoy responded that the California Public Utility Commission sets the range of rates that they can charge based on destination. There is a band that varies ... it is \$4 or \$5, maybe \$6.

Commissioner Guggenheim said that he was concerned about the driver who works for a smaller company even though they are independently operated. You assume the drivers with clean records will be hired by the four successful bidders, but there is no assurance at this time. Those drivers could be hired on Monday and gone on Wednesday.

Mr. McCoy said that the Airport's Worker Retention Policy does not apply in this case because they are not actually considered employees of the company. It is important to remember that these owner/operators have the assets ... they have the vans. The company that wins a concession agreement for 40 vans will have to line up 40 drivers with 40 vans.

Commissioner Guggenheim commented that the problem with that is by the year 2012 you have to have new vans.

Mr. Martin commented that the RFP says that we are looking for firms to make commitments that they will hire driver owners from other companies that don't win contracts. We would expect that companies that make that commitment would get more points in the proposal. We think that this is a strong incentive for the companies that submit to make those commitments.

Commissioner Guggenhime said that he was concerned of the legally binding effect of saying to a bidder that if you get the bid you have to hire 1 through 25, and if that is enforceable. He was also concerned about the drivers who think they are getting hired and go out and get a van and then get laid off. He is concerned about the drivers who are not working for one of the successful bidding companies.

Mr. Rob Maerz, Airport General Counsel, responded that the method that the Airport can assure itself that commitments made in the proposal submitted by the van companies are honored in the ultimate lease is that you would have a lease term that comports with the commitment made in the proposal. So if they made a commitment in the proposal to hire X number of vans and you would include that in the lease and if they didn't do that, then that would be a breach of the lease.

Commissioner Ito asked what the plan is on how we will monitor the pre-arranged rides. Is that Curbside Management Program going to be responsible? Are they going to park at a certain painted curb? Who is going to be responsible to manage that aspect of it,.

Mr. McCoy responded that we have that service right now. One company decided to go to just pre-arranged. They pick up in the courtyards ... Courtyards One and Four. They go into the courtyard and they are logged in by the Police Service Aide. There is no DAJA coordination. It is on a separate level and they are not mixing with the walk up on-demand service.

Commissioner Ito asked if there will be a formula for Clean Air Vehicle compliance. If a company does not comply with these percentages over the course of the term, how much time are you giving them to comply before you terminate the lease?

Mr. McCoy responded that in the actual RFP and in the permit we have penalties for not achieving that clean air. We first started a thought process where they will pay some carbon offset but we have yet to find the right formula or the right penalty for not achieving this. But it would be in violation in terms of the agreement not to meet that. If a company doesn't meet their CNG requirement we may reduce the number of vans they can operate until they can operate the CNG requirement.

Commissioner Ito said that she was also concerned about the transition, the independent, the smaller van operators being able to make a living in this tough economic times. The Bay Area is in a bubble but we are facing issues of unemployment going up and whether our passenger rides are increasing after the summer. She is concerned about people being retained. She hoped that if we do approve this policy change of how we operate the vans that we make sure that message is in that RFP.

Commissioner Ito said that she is in agreement with this policy change. She felt

that the most important element has to be customer service. She used to ride the vans years ago. It is very confusing, even for her, to try to figure out where she is supposed to be standing to be picked up ... even today. However, the transition does concern her. She hoped there is enough incentive for the smaller operators to do some joint venturing if the city's Small Business Office and the Mayor's Office will help. She hoped that we get that information out to people in ample time so these proposals can be drafted with that kind of assistance.

Mr. McCoy said that he and his staff, as well as the Director shares the concerns expressed by the Commission. It is not our intention for this to be negative for anybody. The goal is a win for the customer. The same number of vans, the same number of drivers, if you are not a good driver it may be likely you won't be employed. We want to have opportunities for everybody. We have met with the Mayor's Small Business Office, we are going to allow plenty of time. The date that the RFPs are due, based on the pre-proposal meeting that we have in the next 30 days, we can extend that out to give everybody time to consider reorganization or how they may want to form an entity to submit a proposal. This is not a rush at all. We have taken a year to get this far and we can certainly take our time to do right and to try and incorporate everybody's concerns regarding employment.

Commissioner Crayton asked how we are going to do this. What is the structure of the major companies versus the contractors and how all of that will work.

Mr. McCoy responded that he is not privy to the inner workings of the employment agreements between the companies and their drivers. That all takes place off the Airport. There are a number of companies here that could explain more clearly, But we have done our research and 95% of the vans that you see at the curb are individual owners of those vans who have chosen to team up with that company and have the company paint their vans and use that company's dispatch system. They are owner operators. How they are paid, how they are reimbursed , their employment relationship he cannot to.

Commissioner Crayton asked if we know the total number of those vans.

Mr. McCoy responded that we have a breakdown of the number of vans by company. Today it's a floating number because there are what is called spare vans and maintenance vans. A large company might own 5 or 6 vans so when an owner/operator's van is in the shop he can rent a van and continue to drive. The actual van of permitted vans today that we have certified is about 240. Of those 240, according to the logs he has seen, some vans only show up two or three times a month. Maybe those are the spare vans, maybe someone's on vacation. There is probably 220 vans that serve the Airport each and every day on a regular basis. Our numbers here, based on the range we are proposing, is from 200-250. That is a floating number that we'll resolve in the pre-proposal meeting.

Commissioner Crayton asked for the number of large airports that use this system.

Mr. McCoy responded that LAX has two operators and one shared curb. The other extreme is Oakland Airport with no limit. He believed about 40 different companies serve Oakland Airport. Their service is not one that we want to emulate. Many of

the large airports ... Chicago O'Hare is also two different companies.

Commissioner Crayton customer service is important and we want an efficient running service so that our public can get in and get out as they are supposed to in a shared ride van system.

Mr. McCoy said that some of the companies have done a very good job of pre-selling and marketing their services. A number of companies in the room today have online tie-ins with certain hotels, with certain conventions, with cruise ship lines. Customers exit the terminals with a coupon looking for "Company A" and the coordinator directs them to that company.

Commissioner Crayton said that under a different scenario with a customer walking up to a coordinator looking for a ride, what is that experience?

Mr. McCoy responded that the customer will be asked if they have a choice of a particular company. If not, you will be referred to a company.

Commissioner Crayton asked how many companies.

Mr. McCoy responded that there are four companies and three RFP's. There is a large company ... 2 San Francisco Companies and a South and East Bay Company. There are three different RFPs.

Commissioner Mazzola asked how many passengers per van.

Mr. McCoy responded they are normally 12 passenger vans.

Commissioner Mazzola asked if smaller vans qualify.

Mr. McCoy responded that in the past companies have not proposed operating a four or six passenger van because of the economics. We may consider that because there are no hybrid 12 passenger vans, only CNG. We are not requiring CNG. He referenced CNG, but technically we say CNG or equivalent. A hybrid vehicle that is 25% more fuel efficient than a non-Hybrid vehicle would qualify.

Commissioner Mazzola clarified by saying that it has to be 12 passengers, but because we are going to ask for green we may consider dropping it to six passengers. And we're going to ask for a 25% increase in our fleet from 200 to 250.

Mr. McCoy responded that it's a range. We are not mandating it.

Commissioner Mazzola said that limousines are prearranged and are not in this.

Mr. McCoy responded yes.

Commissioner Mazzola said that a passenger can exit the terminal, talk to a coordinator and get in a vehicle and go to San Francisco. He assumed that the shorter rides are going to have the smaller cars and the longer rides will have the

larger passenger cars. What are the taxi drivers saying about this increase?

Mr. McCoy responded that we are not increasing the number of vans; the 25% refers to an increase in CNG vehicles. Today there are a total of 240 vans.

Commissioner Mazzola asked if the coordinator will offer taxis as an option.

Mr. McCoy responded that that conversation takes place on the lower level ground transportation staffed booths in baggage claim. In those situations, the customer is offered the range of ground transportation options. These booths have rate sheets.

Commissioner Mazzola argued that the passenger walks out and approaches a coordinator and the coordinator directs the passenger to a van.

Mr. Martin said that signage in the terminals directs passengers to buses in one direction and taxis in another direction. Overwhelmingly people decide before they get out on the curb what kind of vehicle they are looking for.

Commissioner Mazzola asked why we would want companies if 95% of the vans are independently owned. Why do we want companies? What helps this Airport to have companies? Why don't we have rules that this 95% sign on to?

Mr. McCoy responded that the companies provide the reservations system.

Commissioner Mazzola said that an independent can buy a reservation system. What does the Airport get? Why don't we buy a reservation system? The companies have no risk. They have all independents. What do we gain by having companies?

Mr. McCoy responded that what the Airport wants from these companies is a consistent high level quality of service, trained drivers, well maintained vans, a good reservation system, a web-based reservation system. They guarantee the quality among the drivers that is what they are doing.

Commissioner Mazzola said that they are the contractor we rely on to make sure that the drivers do what they are supposed to do. They can hire and fire their drivers if they are not doing what they are supposed to do. But how responsible are they? Are they responsible as a contractor under all ordinances that San Francisco has such as the health benefits, such as minimum wage? This lawyer says no ... they are independent contractors and they get out of that. I disagree with him because if he's right, then Zuni's on Market Street would make his cook independent and he would make his chef independent to get around all those ordinances that San Francisco passes.

These companies should be responsible to these independents and comply with San Francisco ordinances. If you want to be a San Francisco contractor then you have to comply with the ordinances. Does the RFP have anything about health benefits? No. Do you have anything about minimum wage? No.

Commissioner Ito asked Mr. Maerz if we are required to meet certain standards on

these contracts, even if it is an independent contract? Or does that independent contract excludes what Commissioner Mazzola is saying?

Mr. Maerz responded that the companies and the drivers self identify as owner operators, not employees. They make that election, if you will, that they are one and not the other. The ordinances that the Board has adopted apply in instances when you have an employer and employee. So when you have a company that self identifies as being a contractor with independent contractors, not employees then by definition MCO, HCIO do not apply.

Commissioner Mazzola said that he understand that. But what stops Zuni or any other restaurant in San Francisco from making their help independent contractors? Nothing. Except that they circumvent the ordinances, and this is the same issue.

Mr. Maerz said that he understood the Commission's concern. In this instance there is a nationwide industry practice and that industry practice is that the companies have independent owner operators.

Commissioner Mazzola I know there is a lawsuit.

Mr. Martin responded that it's Super Shuttle.

Commissioner Mazzola said that there is a lawsuit regarding independents that may go on for 20 years. But San Francisco has passed ordinances and, according to his understanding, if you want to do business with an agency in San Francisco you are supposed to comply with the ordinances ... minimum wage, card check neutrality, health care. If you are going to get away from all that and just make it all independent I'm going to have a hard time making voting for this. It's confusing to me and the life I lead in representing workers.

Mr. Martin suggested that staff provide a legal briefing to you on this issue.

Commissioner Mazzola responded that he knows the legal answer and he disagrees with it.

Mr. Martin said that we have the problem regardless whether we go forward with the RFP or not. He is am not suggesting a briefing just for the purpose of understanding where the attorneys stand, but to open up other options that can be considered that would address his concern.

Commissioner Mazzola said that under the RFP a company has a problem driver and we, the Airport, report him to the company so that something can be done about it. Is the option to fire him? Is his only option to go to the Labor Board?

How often can they shift from company to company? Are we notified when that happens?

Mr. McCoy responded that we don't know. What we will see sometimes is a van will come in that was painted Company A and now he is coming in and he has switched to Company B.

Commissioner Mazzola understood that staff will have another meeting with the proposed bidders.

Mr. McCoy said that is correct.

Commissioner Mazzola assumed that more questions will be raised by them at the next meeting. You will finalize this and return one more time.

Mr. McCoy said staff will return. We need to respond to your greater questions about employment issues.

Commissioner Ito asked if Marin Airporter is separate from all of this. Will they have bus zone or is that how the Marin people get taken care of?

Mr. McCoy responded that Marin Airporter operates pre-arranged on the lower level in the courtyards. There really isn't a big enough demand for Marin County to take one of these spaces and have a Marin County operation. So the Marin County van service is done on a pre-arranged.

Mr. Martin said that the Marin Airporter bus service has been very successful in capturing the lion share of the market there.

Commissioner Guggenhime asked if they were all independent contractors.

Mr. Martin responded yes.

Commissioner Guggenhime said that whatever benefits they have now are going to be the same going forward because they are not employees.

Commissioner Mazzola said that it breaks down our system in America. It's crazy.

Mr. Dan Baker said that he has participated in these actions to reduce the number of carriers since 1999. He is speaking on behalf of the public because the public has not been represented. One of the things that disturb him is the fact that he's been involved in airport transportation throughout California ... all major airports for the last 40 years and he's had extensive experience and it has bothered him with regard to the proposal that has been submitted to the Commissioners. Another thing that disturbs him is that he received notice yesterday. He called the Airport and asked for information with regards to the proposal and they said they couldn't give it to me it was confidential and the only time he would be able to receive the information was today at the meeting. So you have a proposal that is going to change the system that has been in existence at the Airport for 27 years and it has received a tremendous reputation and the only independent study that was made of the Airport by an independent agency, which was paid for by the Airport, they came to the conclusion that the San Francisco Airport's shuttle service "can rightly boast of the highest use of shared-ride airport ground transportation service" in America and based upon some other studies even higher shared ride percentage than many European cities.

This is the system that you now propose to dismember. I mentioned in the

statement (see attachment) with regard to an example where you have an exclusive service ... and the Commissioner raised the question ... the PUC has overall rate jurisdiction but it is a loose rate jurisdiction. Carriers can change their rates under zone rate freedom by 25% by simply providing a new tariff base and submitting it to the Commission. In the statement you notice that in Sacramento, where they have an exclusive control over the operation, they have introduced rates through what we call in the industry an embargo rate. An embargo rate is when you don't want the freight or you don't want the passengers you impose a higher rate and as a consequence the people do not take the service and what you are doing is forcing them back into their cars.

Commissioner Mazzola asked Mr. Baker to wrap it up as it's been three minutes.

Mr. Baker said that nothing was mentioned about the holding system. The 11 carriers don't send their vans to the top level. They go to the holding system, receive a ticket and are called by the coordinator when space is available.

Mr. Magdi Yousef spoke on his behalf. He came to America in 1979 has worked with Yellow Cab and National Cab for about five years. He worked with a couple of the smaller companies ... M&M and Quake City.

He has enjoyed working with his company as a Super Shuttle owner/operator. He likes the system very much. It's a small system. He has his daily business. He said that 70% of Super Shuttle's business is from the City to the Airport. Dress code is very important to them, unlike other companies.

He said he was working for Quake City before it was sold. In 1999 he ruptured his achilles tendon and had to have surgery. The owner of the company stole his transponder and claimed that he had 1/8 of his business. Last October he had and heart attack went four months without working. He was with Super Shuttle by that time. They helped him and did not charge him for anything during the time he was off. He really appreciated that.

He feels that people are more comfortable with Super Shuttle's service ... more so than with any other company.

Mr. Dave Bird, Sr. Vice President of Operations for Super Shuttle International. He was General Manager in San Francisco from 1996-1999. He currently runs 14 Super Shuttle operations across the country and feels that he can lend an opinion on what he believes the Airport is trying to achieve here in bringing this RFP.

He applauded the Airport for the work that they have done so far. This is a difficult decision for everyone. He believes that this is imperative for the sustainability of the shared-ride industry. He agreed with Mr. McCoy that it will increase quality and service to the metropolitan area of San Francisco. Shared-ride business is an incredible niche business. They take the best worlds of their competition which is other transportation industries. Although public transportation is clearly the most economical, it is definitely not as convenient as other forms of transportation such as taxis and sedans. Taxis and sedans are clearly very convenient but less economical. They take both of those types of transportation to meld them into one

thereby providing a great option to the travel community.

Shared-ride works on the density of passengers. There will be time that the shared-ride van will pull up and there will be one guest going to one location, but the other times the van pulls up there will be 4-5 guests going to one or two or even three locations. The shared-ride industry is willing to take what they call the one for one ... which is an unprofitable run ... or even a 2 passenger pick up which is a break even proposition at best, because they know that there is the availability for high density runs. So they take the low profitability, the break even and the high profitability all together and that is what makes our program work.

He understands that there is a concern about other drivers and although there is no ordinance that is going to require companies to take drivers, Super Shuttle, if awarded one of the contracts, acknowledges that is one of the big pieces of their success and recruitment efforts of any drivers that feel they are being displaced from other companies will be a big piece of their response.

Lastly, the "Zone of Rate Freedom" (ZORF) is managed by the PUC, but there are lots of different types of competition in the shared-ride industry between parking, taxis, sedans, short term and long term. Their largest competition is what they call the kiss and fly. Husband, wife, partner, neighbor, business associate that drives that individual to the airport is our largest form of competition and that is exactly what we try to go after. Those are the people that we want to get off the road. That would reduce traffic congestion on the freeway, reduce congestion at the Airport and reduce emissions and dependence foreign oil.

Commissioner Crayton asked how long a passenger would wait if they were the only one going to a particular destination.

Mr. Bird responded that they try to make that person wait no longer than 20 minutes. They have a dispatching computer system that looks hour by hour how long on the average people wait. In San Francisco that number is typically about 15-16 minutes. There are some at 20-21 minutes.

DFW has three shared-ride providers; New York has three that go to Manhattan; Chicago has one; Phoenix has one provider; both airports in D.C. has exclusive shared-ride programs.

Mr. Matthew Curwood, General Manager, Super Shuttle said that they are very pleased to hear that the Airport is moving forward and looking at producing an RFP. The main issue Super Shuttle has tried to address with the Airport is improving customer service and the customer experience at SFO, and also improving the experience of the driver. This proposal clearly identifies those two issues as being important and tries to improve both of them.

The average Super Shuttle driver generates around \$2,700 per week in revenue. From that a percentage is paid to the company. In terms of economics, their drivers overall are very successful. They have certain drivers that are clearing on \$80,000-\$90,000 per year. Our drivers have been able to put their children through Cal University and they are here today. Overall the economic breakdown

of the situation and the relationship Super Shuttle has with these particular individuals is a successful one and, as the Commission has heard, they feel very proud about.

Two thirds of their business is prepaid. Therefore, only a third of their business is someone walking out from the Information Booth and trying to figure out the best way to get to San Francisco.

They outreach to their customers through online programs, through sales and marketing efforts on a national basis, reaching out to conventions. They also reach out to residential market, which is 70% of their business and a critical element to this industry as a whole.

It's important that Super Shuttle customers have the same customer experience at each airport, and some of the recommendations today will encourage that.

Commissioner Mazzola asked Mr. Martin if the Commission is voting on anything.

Mr. Martin responded that we are looking for approval to structure this similar to the way we do concession opportunities. We are requesting approval to hold a pre-proposal conference. We will return to you with feedback and comments from potential proposing companies and request your approval of the final terms.

Commissioner Guggenheimer said that notwithstanding the proposed resolution, you are asking for approval to go forward with the pre-proposal conference, that is all?

Mr. Martin said that was correct. Not to issue the RFP, but just to go forward with the pre-proposal conference.

Commissioner Guggenheimer motioned to approve going forward with the pre-proposal conference out of which there will come a new request for an RFP.

Mr. Martin said the final recommended business terms for Commission approval.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

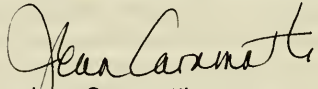
The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:45 AM.


Jean Caramatti
Commission Secretary

To the San Francisco International Airport Commission
Meeting of August 19, 2008

**Statement On Behalf of the Public In Opposition to Item 15
of the Commission's August 19, 2008 Agenda the Airport
Staff's Share-Ride Van Service Request For Proposals**

I am appearing before you as a representative of the traveling public for whom the considered share-ride shuttle service exists. This is the group that has more to lose by the adoption of the RFP proposal for based upon past experience its adoption and implementation will result in less service and higher fares. Also to suffer will be the smaller carriers that will lose their airport licenses to operate from the San Francisco International Airport.

In this prepared Statement will be described the past history of the San Francisco airport staff's three previous Requests for Proposals in 1993, 2003 and 2005 to eliminate or put out of business all but one or two, now four, on-demand share-ride door-to-door airport shuttle carriers and how the elimination of competition will result in higher fares and poorer service to the public. And this will occur under the proposed RSP despite the only outside study made by other than the airport's staff in the past 10 years. This outside study, prepared by an independent agency, found that the San Francisco airport's shuttle services "can rightfully boast of the highest use of 'share-ride' airport ground transportation services in America and based upon some studies a higher share-ride percentage than many European airports".

The airport staff's Memorandum to be submitted to the Commission at the August 19, 2008 meeting states that three workshops of share-ride operators were held in spring of 2008 to address problems at the airport. Based upon the results of these workshops, the staff stated, it recommended the current program. However, the current program is a drastic change from the recommendation issued March 19, 2008 after the referred to workshops. That recommendation was for "Issuance of RFP for two concession agreements for share ride service – Spring 2008". In fact, based upon the current recommendation, it is difficult to avoid the conclusion that the airport staff and SuperShuttle have not already entered into a tentative agreement for SuperShuttle to pay the airport a minimum payment of \$600.00 per year for an exclusive license to serve all

five San Francisco Metropolitan Area counties. Limited service areas will be given to two carriers to serve San Francisco and one carrier the East and South Bay areas. These smaller carriers will have no minimum annual payment but will be required to pay loop or trip fees.

In a letter I received from the SFO Deputy Airport Director of Operations and Security, dated April 18, 2005, concerning a proposed April 28, 2005 meeting of the on-demand shuttle carriers, that was to be held for the same purpose as the current meetings and report and recommendations, I was advised: "Please be assured that any changes that may be implemented will be done to improve customer service, not to reduce competition as you allege". It is axiomatic that eliminating competing carriers reduces, in fact, eliminates competition. I will hereafter provide an example of the effect to elimination of competition and will use SuperShuttle as the example as it will undoubtedly be the surviving carrier to be selected by the staff and there is a record of its actions in the absence of competition.

It is interesting and revealing that the study of the on-demand carriers was made by the airport's staff and no effort was made to determine how the shuttle services from SFO compared to similar airport shuttle services available at other major airports. However, such a study was made by an outside agency at the request of and a \$75,000 fee paid by SFO. This study made in 1998 for SFO concluded that SFO has the finest share-ride program of all the major airports in the United States and even most of the airports in Europe. In page 15 of the report of the study, it is stated:

San Francisco International Airport can rightfully boast of the highest usage of "share-ride" airport ground transportation services in America and based upon some studies a higher "share-ride" percentage than many European airports. Clearly, Airport policies implemented in the past nine years enhanced opportunities for share-ride use and may have resulted in reducing the usage (and perhaps the growth) of the private automobile for airport access.

SFO currently provides an outstanding share-ride service for the passengers using its facilities. The summary of the findings from the "Shared Ride Van Operators Industry Meeting #2 March 19, 2008" finds nothing wrong with that service before arriving at or

after departing the airport, the complaints are almost entirely finding fault with the airport, its staff and the curb coordinators, not the service provided by the carriers to or from the airport. Murphy's Law states that if something works, don't fix it. The law, under the circumstances existing at SFO, is very appropriate.

These comments and opinions have been prepared because I am concerned about the fate of the service to the public and the plight of the small shuttle carriers. They have provided very responsive, efficient and reasonably priced services for SFO's travelers for many years and are now confronted with the plan of the airport's staff to destroy them. It is unconscionable but is happening. I have represented all types of passenger carriers serving all major airports in California for over 40 years. I have also participated directly and indirectly in the prior to RFP programs and investigations by the SFO Landside Operations staff in 1993, 2002 and 2005 which involved the same issue and proposals to limit the number of licensed on-demand carriers and to terminate all the other carriers.

Staff's Investigation

Misleading is the appropriate description of the meetings arranged by the Landside Operations staff and the person who orchestrated this procedure and the information requested from the participating carriers. The participating carriers were lead to believe the staff sincerely desired the "likes" and "dislikes" of the existing system and wanted suggestions from the carriers on how to improve service. The report issued by the staff manifestly reveals that its purpose was to justify terminating the on-demand airport licenses of these carriers and putting them out of business. The report of the staff is **completely barren** of any complaints about the service provided by these carriers to and from the airport, the complaints are directed to the operations and activities at the airport.

Survivor

The staff proposal is to license four carriers for the on-demand share-ride service. Everyone in the industry knows that the survivor will be SuperShuttle. There is an assumption in the share-ride carrier industry that the proposed program was developed and submitted by SuperShuttle's representatives and the airport's staff which simply adopted it as its own. SuperShuttle almost succeeded in 1993 in eliminating the smaller carriers when as a result of a similar RFP as the one currently proposed, SuperShuttle was

selected with Lorrie's to be the surviving carriers serving the airport. However, the fourteen other then licensed on-demand carriers were able to gain the sympathy of the members of the San Francisco Board of Supervisors and Airport Commission and the SFO staff was directed to prepare and implement a plan that would allow these carriers to continue serving the airport. The carrier reduction program was in remission until 2002 when it was revived by, apparently someone above the basic staff, to again limit the carriers serving San Francisco airport. The existing carriers dutifully and desperately prepared (at a substantial cost) and submitted their Responses to the RFP on March 14, 2003. Apparently, the cries of the victims were once again heard and the matter again went into remission, at least nothing further happened after submission of the Responses. Now we have a new, more aggressive and better financed SuperShuttle that seeks to control the airport shuttle business from the San Francisco International Airport which will be greatly assisted by adoption of the airport staff's RSP.

Effect of Lack of Competition

An excellent study of the effect of lack of competition was made on behalf of a group of airport shuttle carriers that sought to have the Sacramento, California "elected" Airport Commission award them the exclusive license to provide the on-demand share-ride shuttle service from that facility. A SuperShuttle division, Sacramento Transportation System, dba SuperShuttle Sacramento, held the license that was due to expire and required renewal. The involved contract required the licensed carrier to provide a regular share-ride door-to-door shuttle van service to and from all points in the Sacramento Airport's 10-county market or service area. The study found that the only regular service SuperShuttle provided was to and from the downtown and west Sacramento areas. To and from points outside those areas, the service was virtually nonexistent. And SuperShuttle's fares to and from points outside the downtown and west Sacramento areas were prohibitively high and were, as referred to in the transportation industry, "embargo" fares. These high fares simply forced travelers to use their own vehicles and, in any event, there was no regular service to and from substantially all points in the Sacramento Airport's 10-county market area from the carrier to whom it gave the exclusive and noncompetitive agreement, other than to and from the downtown and west Sacramento areas.

Invariably fares are higher and service is less responsive or efficient when there is little or no competition. That will be the result of eliminating competition at the San Francisco Airport and the public will suffer.

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Minutes of the Airport Commission Meeting of
September 16, 2008

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13.	Wells Fargo Bank, N.A.'s Automated Teller Machines Lease No. 02-0158 - Exercise the Second and Final One-Year Option to Extend the Term	08-0180	12
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J.	CLOSED SESSION:		12-13
	Settlement: CCSF v. Factory Mutual Insurance Co. and Bombardier Transportation		
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K.	ADJOURNMENT:		13

AIRPORT COMMISSION MEETING MINUTES

September 16, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Larry Mazzola, President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenheimer

Absent:	Hon. Linda S. Crayton
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C. ADOPTION OF MINUTES:

The minutes of the regular meeting of August 19, 2008 were adopted unanimously.

No. 08-0167

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Commendation for Mr. Howard Chuck

No. 08-0168	Resolution expressing the Airport's appreciation and thanks to Mr. Howard Chuck, 2708 Custodian, for a job well done and to commend him for his integrity and diligence in following Airport protocol and procedures.
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Mr. John Martin, Airport Director said that today is Mr. Chuck's third month anniversary ... and he has already achieved fame. On August 26th at Gate A3 in the International Terminal he found a wallet. The wallet contained identification but Mr. Chuck could not find the owner. He took the wallet to the Cathay Pacific counter and Cathay found the passenger very quickly. The passenger was very relieved because the wallet contained \$5,000 in cash. He wanted to give a special commendation to Mr. Chuck for his honesty and integrity in seeing that the

wallet was returned.

Mr. Chuck is following in the footsteps of his mother who worked as an Airport Custodian for 18 years. She retired not long ago.

Commissioner Mazzola congratulated Mr. Chuck.

Mr. Martin presented Mr. Chuck with a certificate of honor from the Mayor as well.

Commissioner Ito told Mr. Chuck that he is outstanding. Public safety is one of the major issues that we all face today so it is really great that he rose above it all in making our Airport a wonderful place and a safe place to be. Thank you.

Mr. Howard Chuck thanked his supervisor and teacher, Mr. Rizzo, for being present today to support him, and his mother.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No.2 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

2. Award of Contract No. 8884 - Telecommunication Services - AT&T
\$6,740,000

No. 08-0169

Resolution awarding Contract No. 8884 to AT&T to provide Telecommunications Services to the Airport in a not-to-exceed amount of \$6,740,000 for five (5) years with two (2) one-year options exercisable at the sole discretion of the Commission.

Ms. Theresa Lee, Deputy Director, Administration explained that this item requests award of Contract No. 8884 to At&T to provide telecommunication services to the Airport. Such services include local and wide area voice and data services such as local and long distance calling, digital band width for internet services, wireless voice and data access and associated professional services for design and implementation.

Per the Commissioner's authorization to negotiate with the highest responsive and responsible proposer staff completed negotiations with the business terms with AT&T in August. The term is for a total not to exceed amount of \$6,740,000 for five years with two one-year options at the discretion of the Commission.

Commissioner Johns asked when we put this out for RFP was the \$6,000,000 figure in the ballpark that we talked about.

Ms. Lee responded that at that time we estimated it at around \$7.4 Million.

Commissioner Guggenhime asked if it is \$6 Million over five years.

Ms. Lee responded that it is.

Commissioner Mazzola asked to move on the item for a vote.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Mazzola. The vote to approve was unanimous.

3. Authorization to Issue a Request for Proposals for Planning and Programming Services for the Terminal 1 Redevelopment

No. 08-0170	Resolution authorizing Airport staff to proceed with a Request for Proposals for Planning and Programming Services to the Terminal 1 Redevelopment.
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Ms. Danielle Rinsler, Deputy Director, Planning explained that this item requests the Commission's authorization to proceed with a request for proposals for planning and programming services related to the Terminal 1 Redevelopment Plan. In early 2007 the Commission authorized Airport staff to proceed with the Domestic Terminal Redevelopment Plan for Terminals 1 and 2. That plan initiated the process of defining the long range redevelopment plan for Terminal 1 in particular. The initial studies also included definition of the space program for the Terminal 2 Boarding Area D Renovation Project which is underway now. As part of the initial planning studies Airport staff also identified long term options for Terminal 1 redevelopment including the 1960's era terminal building and Boarding Area B. Both require major investment to upgrade the building to current seismic building and life safety code requirements, and to improve passenger amenities and airline support facilities in the terminal building. A preferred airside configuration will be selected in October and this alternative will be developed further in the subsequent planning phase which is referred to as a Project Definition Phase.

The scope of services for the project definition phase includes facility a requirements definition, conceptual plan refinement and documentation, including integration of the new Airport traffic control tower which has recently been sited through another planning study, and possible integration of on-Airport hotel facilities which the Airport is currently studying. Phasing plans to define the sequence of the terminal and associated airside improvements, including apron taxiway and aircraft parking areas will also be incorporated into the document. Seismic structural analyses and financial feasibility and cost estimating services may be included in the scope of work or they may be performed as separate but coordinated tasks. The project definition document will provide

sufficient level of detail and specifications to guide the subsequent design and implementation phases of the Terminal 1 Redevelopment.

The project duration is approximately 18 months from contract approval. We expect to issue the RFP in October or November of this year, select a consultant by December of 2008, and return to the Commission in early 2009 to award the contract. The project definition phase will be completed by mid-2010 and given the demand for domestic passenger terminal facilities and the existing condition of Terminal 1, at this time we anticipate that Terminal 1 Redevelopment would begin upon the completion of Terminal 2, Boarding Area D.

Funding for this project will come from the Airport's fiscal 2009 and 2010 Operating Budgets.

Commissioner Ito asked how we were defining "major seismic occurrence."

Mr. Ernie Eavis, Deputy Director, Facilities responded that the buildings we are talking about were built to codes that have been updated some six to seven times. For example, in one of the buildings the limit on the amount of movement is one inch and in a severe earthquake the building could move eight inches. It's not like the building will fall down, but it is a very large concern that it doesn't meet any of the existing codes. The codes are not advisory, they are there for a reason.

Commissioner Ito asked if there are timelines in terms of meeting requirements.

Mr. Eavis responded that it is only when you change the use of a building or when major renovation is done that it has to be upgraded, but it is prudent for us to upgrade it whenever we can.

Item No. 4 was put over to the next meeting.

4. Award of Contract No. 8355 - Boarding Area B Apron Reconstruction - Granite Rock Company, dba Pavex Construction Division - \$2,642,165

Resolution awarding Contract 8355, Boarding Area B Apron Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction Division, in the amount of \$2,642,165.

Mr. Eavis explained that Contract No. 8355 awards the Boarding Area B Apron Reconstruction work. This contract will also reconstruct a taxi lane between Boarding Areas B and C and replaced an existing waterline. This project will receive 75% funding from the FAA.

Granite Rock, Ghilotti and Schembri submitted bids. The engineer's estimate on this project was \$3.4 Million. The low bid is approximately 20% under the engineer's estimate, the second bidder is about 7% under the estimate, and the highest bidder is less than 1% below the engineer's estimate. There are

approximately 20 different unit prices in this contract. There are two major differences between low bidder and the engineer's estimate. The first is cold planing. Historically cold planing comes in between \$1-3 a square foot. This contractor, as well as the other two bidders, bid somewhere in the neighborhood of 50 cents for cold planing. They cold plane and sell them again. Essentially, we are having them do the work for free because they resell the materials to someone else. That can't be anticipated in making up the engineer's estimate, so that was a difference of about \$350,000 in that one item.

The other major component of the difference is in Portland cement concrete. The engineer's estimate used \$400 per cubic yard for the Portland Cement. The low bidder bid \$200 and some dollars a cubic yard; the high bidder on this bid \$400 a cubic yard and two weeks later this same low bidder, Pavex, bid \$400 a cubic yard. The engineer's estimate was not way off, we just received two very good prices on these two items.

Commissioner Johns asked Mr. Eavis to explain the difference between the Engineer's Estimate of \$3.4 and the budget of \$3.5, and if you take the lowest bid amount and add that \$300,000 for the Type 1 modification.

Mr. Eavis responded that we usually set the budget a few years before we actually start designing the work. It goes into a grant at least a year ahead of when the work actually begins.

Commissioner Johns assumed that is the amount we have actually budgeted for.

Mr. Eavis said yes, and then we try to engineer the work to meet the budget.

Mr. Mazzola said that it has been brought to his attention that this company has labor problems and has had them off and on. They currently have problems with the Teamster's Union at the Millbrae Water Department ... it started in July. The Teamster's picketed this company and other workers honored it. There was a big uproar there. They are picketing. He asked if this could be put off for a couple of weeks and see if we can get those parties to talk to each other. We don't want any labor problems where someone else decides to honor a picket line.

He was not sure this company is paying prevailing rates and we need to have someone to check on that. Does their bid include prevailing rates?

Mr. Martin said that this can put it over and we will check on both the prevailing wages and hopefully the labor issues will be settled by the time we bring it back.

Commissioner Guggenheimer noted that this contract will receive Federal funds and asked if the delay would cause a problem in the funding.

Mr. Eavis responded that we have to close out the grant by the end of May, 2009 so a delay of three weeks should not be a problem. However, our problem is the window of opportunity before the rainy season begins. We can't put it off much longer.

Item No. 5 was moved by Commissioner Ito and seconded by Commissioner Mazzola. The vote to approve was unanimous.

5. Award of Contract No. 8513R - Superbay Water Tanks Improvements - NCCI, Inc. - \$719,614.77

No. 08-0171 Resolution awarding Contract 8513R, Superbay Water Tanks Improvements, to the lowest responsive, responsible bidder, NCCI, Inc., in the amount of \$719,614.77.

Mr. Eavis explained that we took over ownership of the Superbay a number of years ago and this is part of the work we need to do to bring it up to our standards. There were three bidders on the project. The engineer's estimate of \$730,000 was in between the low bidder, NCCI, and Turner Construction. This is above the maintenance work normally performed by our employees. We do not have the equipment to do this type of work.

Item No. 6 was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

6. Award of Contract No. 8838 - AirTrain Operations and Maintenance - Bombardier Transportation (Holdings) USA, Inc. - \$56,500,000

No. 08-0173 Resolution awarding Contract No. 8838, AirTrain Operations and Maintenance, to Bombardier Transportation (Holdings) USA, Inc., for a five-year contract in the amount of \$56,500,000.

This award is pursuant to a Settlement Agreement in the matter: *City and County of San Francisco v. Factory Mutual Insurance Co. and Bombardier Transportation, Inc.*, U.S. District Court No. C 04-5307 FMS, for the recovery of damages suffered by the various parties to that litigation, including the Airport, as a result of the accident of Aug. 4, 2002, during testing of the AirTrain system prior to opening and in recognition that Bombardier is the sole-source provider of the AirTrain operating system.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction said that this item awards Contract No. 8838, AirTrain Operations and Maintenance to Bombardier Transportation for full O&M services for a five year fixed period for the Airport's AirTrain system. The award amount for the five year fixed contract of \$56,500,000 is based on a negotiated amount of \$11,300,000 per year extended over the five year period. This contract award provides for O&M Services for AirTrain following the expiration of the current O&M Contract of 5703A which expires on February 24, 2009. Award of this contract will ensure a smooth

transition from the current contract to the new contract and that full support of its proprietary systems, including software equipment and parts, is retained. It will also ensure that SFO is able to provide the highest level of passenger service to its customers. The proposed award amount also provides for settlement of the litigation between the City and County of San Francisco and Factory Mutual Insurance Company and Bombardier and provides for full cost recovery of Airport damages as a result of the accident of August 4, 2002.

This award provides for a five year fixed period of services along with an automatic renewal of a three year option provided the contractor meets specific performance criteria contained in the contract. Following the three year fixed period there are two one-year options exercisable at the sole discretion of the Airport.

There is also a training requirement as an additive alternate in the contract which provides for training of Airport personnel as it is the intent of the Airport to self perform O&M services at the end of the contract term.

For each year following year one of the initial fixed five year period the contract will be subject to economic price adjustment to account for the change from year to year in the CPI. Staff will return to the Commission annually for award of this adjustment and any anticipated changes for the forthcoming year. Staff has negotiated favorable pricing terms, value added improvements and terms would provide for an increased focus on passenger service and employee development. Staff anticipates that the current workforce will remain substantially intact and that Bombardier and the IBEW Local 617 will successfully negotiate a long term agreement commensurate with the Airport's agreement with Bombardier. At the request of the Airport, PGH Wong Engineering, an independent firm has analyzed the proposed contract terms and conditions and concludes that the contract provides significant cost incentives to the Airport and allows the Airport to fully recover its damages.

PGH Wong's report also recognizes that the award of this contract provides substantial advantages and risk mitigations to the Airport which cannot be provided by other contractors. The HRC has approved an LBE participation goal of 5% and Bombardier is committed to meeting that goal with its current vendor of custodial services. They are also working with another subcontractor to try to get certified for maintenance of the HVAC systems on the vehicles.

Mr. Satero noted what an excellent job Kathryn Luhe has done in settling the litigation. Thanks to her.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 14, was moved by Commissioner Ito and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

7. Authorization to Issue a Request for Qualifications for Sustainability Planning

Services

No. 08-0174 Resolution authorizing Airport staff to proceed with a Request for Qualifications for Sustainability Planning Services.

8. Authorization to Issue a Request for Qualifications for Environmental Planning and Management Services

No. 08-0177 Resolution authorizing Airport staff to proceed with a Request for Qualifications for Environmental Planning and Management Services

9. Approve Implementation of the West of Bayshore San Francisco Garter Snake Recovery Action Plan, Based on Review and Consideration of the Mitigated Negative Declaration Required by the California Environmental Quality Act

No. 08-0175 Resolution approving the implementation of the West of Bayshore San Francisco Garter Snake Recovery Action Plan, based on review and consideration of the information in the Mitigated Negative Declaration.

10. Authorization to Issue a Request for Proposal for Contract No. 8843 for Supply, Delivery and Installation of a Satellite Communication System and to Negotiate with the Highest Ranked Proposer

No. 08-0176 Resolution authorizing issuance of a Request for Proposal for Contract 8843 for supply, delivery and installation of a Satellite Communication System and to negotiate with the highest ranked proposer.

11. Reject All Bids for Contract No. 8777 - As-Needed Utility Repairs

No. 08-0178 Resolution rejecting all bids for Contract No. 8777, As-Needed Utility Repairs, and authorizing the Director to re-bid this contract when ready.

12. Bid Call - Contract No. 8283 - ADA Curb Ramp Upgrades

No. 08-0179 Resolution approving the scope, budget and schedule for Contract No. 8283, ADA Curb Ramp Upgrades, and authorizing the Director to call for bids when ready. The Architect's construction estimate is \$388,000.

13. Wells Fargo Bank, N.A.'s Automated Teller Machines Lease No. 02-0158
Exercise the Second and Final One-Year Option to Extend the Term

No. 08-0180

Resolution exercising the second and final one-year option to extend the term of Wells Fargo Bank, N.A.'s Automated Teller Machines Lease No. 02-0158.

Commissioner Johns asked if the fee will remain the same.

Mr. Gary Franzella, Acting Deputy Director for Finance, responded that it will.

14. Airport Improvement Program, Project No. 3-06-0221-41 - (Grant Offer No. 41)
Grant Award - \$3,500,000

No. 08-0181

Resolution authorizing the Director to expend Grant Offer No. 41 from the Federal Aviation Administration (FAA) in the amount of \$3,500,000.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests from the public to speak.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:25 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation

entitled CCSF v. Factory Mutual Insurance Company and Bombardier Transportation, Inc., U.S. District Court No. C 04-5307 FMS; and, Settlement of an Unlitigated Tax-Related Matter Regarding Potential Tax Liability; Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 10:30 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

J. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 10:35 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

October 7, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
October 7, 2008

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G.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
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	3.	Award Contract 8473 - Environmental Washdown and Disposal Site - Trinet	08-0186	7-8
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AIRPORT COMMISSION MEETING MINUTES

October 7, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

Absent: Hon. Linda S. Crayton, Vice President

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of September 16, 2008 were adopted unanimously.

No. 08-0184

* * *

D. SPECIAL ITEM:

There was no special item.

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E. DIRECTOR'S REPORT:

1. Annual Performance of Concessions in Fiscal Year 07/08

Mr. Leo Fermin, Deputy Director, Business and Finance reported that over all our Concessions program performed extremely well this past fiscal year. What the industry measures to gauge the performance of an Airport's program is gross sales per enplaned passenger. Our combined retail merchandise and food and beverage sales per enplanement were the second highest in the nation for the year at \$11.44. Among large hub airports SFO ranked as the highest overall.

Moreover, on the food and beverage side we generated the highest sales per enplanement nationwide at \$6.97 for the year. In gross dollar terms, food and beverage and retail sales grew 12% and 10% respectively, outpacing the

enplanement growth of 3.4%. Duty Free Sales increased 23.8% compared to international enplanement growth of 5.1%.

As for rental revenue to the Airport, overall this increased by \$5.6 Million or 8%. Food and beverage rents increased 14%. However, on the retail side rents were actually down 5% for two reasons. First, a number of retailers remained on minimum annual guarantees, and secondly, we had 18 different retail locations under construction during the year for at least three to four months each. Our biggest initiative over the next year will be finalizing and implementing the plans for the concessions program for Terminal 2. We will be coming to you for approval of the RFP packages in January and February of 2009.

Commissioner Ito congratulated staff. In light of what is going on that these increases are very healthy. She noted that DFS has changed the mix in luxury selections and asked if they are experiencing this kind of growth in other airports.

Mr. Fermin responded that DFS is experiencing really excellent growth in Asian airports and in Asian locations, but he is not sure about their other locations in Europe or the rest of the United States.

Commissioner Ito asked what Pittsburg was doing to be No. 1.

Mr. Fermin responded that we think the reason that Pittsburg is doing so well is the design of their terminal buildings. Their terminals are an X-type of configuration with all of the shopping malls in the center of the X so almost all of the passengers go through that same central area. Also their square footage per thousand enplanements is double what we have. Ours is about 8 square feet per enplanement, and they have roughly 17 square feet per enplanement. They have a lot more retail space than we see at other airports.

Mr. John Martin, Airport Director, added that in Pittsburg they require street level pricing ... exactly the same prices as in the shopping malls, but in exchange the primary leaseholder, which is British Airports Authority, BAA, pays what he considers to be very low rent. So, while they rank No. 1 in sales they probably don't rank in the top 20 on a per passenger basis on rent. The bottom line is that the rent is what is most important to us in paying our bills.

Commissioner Ito noted that in the past year the Commission has been receiving quarterly reports indicating that some of the concessions have been lagging and how a few seem to pay up and then lag again. The Airport has been very solid and we have been able to mitigate this and work with the concessions. Do we see some of that improving or are these just poor performers that haven't made the infrastructure changes to improve that behavior.

Mr. Fermin responded that in cases where the tenants are actually physically at the Airport watching their business everyday, their performance is a lot better. The tenants who do not spend as much time at the Airport are the ones that we have seen their sales start to slip and their payments to fall behind. We try to work with them as much as possible and we do offer them payment plans and for the most part so far they've have been able to keep up with those payment plans.

F. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

G. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Amend Issue 2010A Sale Resolution to Increase Refunding Bond Sale Authorization by \$940 Million; Amend Swap Resolutions to Confirm Authority of the Airport Director to Modify, Amend, Terminate and Replace the Existing Swap Agreements

No. 08-0185

Resolution amending previously adopted Refunding Bond Sale Resolution Nos. 05-0183 and 07-0043 to increase the maximum principal amount by an additional \$940 Million; amending Resolution Nos. 04-0219 and 05-0184 to confirm the authorization to modify, amend, terminate and replace one or more existing Interest Rate Swap transactions; and authorizing the taking of certain actions and the execution and delivery of certain related documents to restructure outstanding Variable Rate Bonds.

Mr. Fermin said that over the past three years we have successfully used variable rate instruments to achieve a debt service savings of slightly over \$100 Million. This was instrumental in reducing airline rates and charges and getting our CPE down from a \$20 to a \$13 range. This made a huge difference in attracting many new airlines to the Airport as well as retaining existing service. As you know since January of this year the turmoil of the financial markets has affected numerous municipal issuers, including us. This past Spring our financing team took very aggressive and extremely fast action to refund and repair the auction rate and other bonds which were insured by the downgraded insurance companies.

This past August the Commission approved a \$2.5 Billion Refunding authorization to create the umbrella framework for continuing responses to the financial turmoil. Unfortunately the turmoil is not over and is beginning to impact our variable rate demand bonds and some of the hedges we have in place. The Airport's Financial Advisory Panel has reviewed and approved the next steps needed to further stabilize our variable rate debt. The resolution before the Commission will give us the ability to either replace two sets of interest rate swaps we have with Lehman Brothers, or alternatively, terminate the swaps and replace the variable rate bonds, which the swaps were hedging, with new fixed rate bonds.

The resolution also enables us to take variable rate demand bonds off the market

temporarily to ride out the turmoil as well as convert some or all of the fixed rate bonds when the market improves.

Commissioner Guggenhime noted that this gives us absolute flexibility in a time of absolute turmoil. So you can leave it where it is, terminate it and replace it with a new swap, or terminate and not replace it with a new swap.

Mr. Fermin responded yes.

Commissioner Guggenhime said that it seemed to him that in view of what is going on in the market, this would give us huge flexibility to make an instant decision on what you want to do at the right time.

Mr. Fermin agreed. The Commission paved the way for that last August when it approved the umbrella resolution for the refunding bonds authorization. This is the first piece to move forward.

Item No. 3 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Award of Contract No. 8473 - Environmental Washdown and Disposal Site
Trinet Construction, Inc. - \$773,900

No. 08-0186	Resolution awarding Contract 8473, Environmental Washdown and Disposal Site, to the lowest responsive, responsible bidder, Trinet Construction, Inc., in the amount of \$773,900.
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Mr. Ernie Eavis, Deputy Director, Facilities explained that this award is for Environmental Washdown and Disposal Site. It will build a wash rack on the airfield where we will take the jet vactors, sweepers, our maintenance vehicles and get all of the pollutants off of them rather than just flushing them down the street. The pollutants will flow to the industrial treatment plant to be treated there.

Six bids were received.

Commissioner Johns said that this item and two others ... it's the same old Engineer's Estimate. It was low on this one and on the next two it was quite a bit higher. Is there something we need to do as a Commission? Who does these estimates? Are they our own employees?

Mr. Eavis responded that it is the same volatility that Leo was talking about. The exact same thing is going in construction industry. This project isn't something we do everyday. It's basically like building a semi car wash. We bought software to do estimates and we actually bumped the price up, but the building itself came in higher than we anticipated. It's not that the engineer's estimates on these things are bad, it's just a crap shoot.

Commissioner Johns asked if the engineer's estimates are made public when we

put these things out to bid. She assumed that would affect the bid.

Mr. Eavis responded that it might for contractors that have a lesser bonding capacity than the estimate. Contractors that bid over and over again don't pay that much attention to the engineer's estimate. All of these different projects that we are talking about today ... all three of them are unit price contracts. Those individual units that make up the total price of the contract and we control how much is going to be utilized for the contract, be it asphalt, the amount of grinding we can change those amounts.

We can control those things and that's why even if the bid is more than the engineer's estimate on a unit price contract we can still award it because the lump sum is not more than the estimate. Special things have to take place and we can control the amount that we have to pay.

Commissioner Johns said that her concern is when the engineers estimate is higher. Today we have two items where the bids came in lower. Her concern is only if the engineers estimates are off that it bumps up the bid.

Commissioner Ito said that she was not familiar with Trinet. Are they a new group working at SFO?

Mr. Eavis responded that he believed that they bid perhaps once or twice before.

Commissioner Mazzola asked if the engineer's estimates are confidential.

Mr. Eavis responded that ours are not. The contractors put their estimates in escrow.

Commissioner Ito noted that we also have a \$60,000 contingency.

Mr. Martin noted that it is still under the original construction budget approved by the Commission. It's great to have six bidders.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Johns. The vote to approve was 3-1, with Commissioner Mazzola casting the dissenting vote.

4. Award of Contract No. 8601A - Taxiways A and B Reconstruction, Phase A Granite Rock Company, dba Pavex Construction Division - \$9,555,752

No. 08-0187

Resolution awarding Contract 8601A, Taxiways A and B Reconstruction, Phase A, to the lowest responsive, responsible bidder, Granite Rock Company, dba Pavex Construction Division, in the amount of \$9,555,752.

Mr. Eavis said that this contract will reconstruct and pave Taxiways A and B at Boarding Area G to Boarding Area E. The major difference in the price was that

this is the first time that we used LED lights rather than incandescent lights. The cost came in \$1 million under we would anticipate because these manufacturers want to get a foot hold in this Airport.

Commissioner Ito asked for an update on the Teamsters. What is the staff perception?

Mr. Martin asked Mr. Carl Bunch, Deputy City Attorney to respond.

Mr. Carl Bunch said that the perspective of the owner of the company may be incorrect and it may be better to hear from the union because it represents the employees. The owner is almost always likely to say that its working conditions are equal or superior to the prevailing conditions of employment. A week ago Friday he spoke with the union's attorney about whether the union would be able to show the inferiority of working conditions. He had intimated that he would hope to get a copy of the economic consultant's report to either my secretary or to John Martin. It is probable that the economic employment conditions do not demonstrate that area labor standards picketing would be lawful. The union's attorney could not demonstrate that worker conditions was substandard.

Mr. Mazzola asked if they report to the Airport.

Mr. Martin responded that worker wage information is supplied to the Airport.

Mr. Bunch aid that it may be a part of the bid.

Mr. Eavis stated that is probably a part of the payroll that comes in every month for every contractor.

Mr. Martin said that assuming this contract is awarded we will work with Donna Levitt's office in the City to make sure that wages are in compliance with the prevailing wage standard requirement.

Mr. Eavis said that the company has automated payroll records.

Commissioner Mazzola said that once an employer who does business with the City has no contract, then they have to comply by City Ordinance.

Commissioner Mazzola said that Prop F includes eight days of sick leave. Under Prop F you can negotiate out to meet the sick leave, but if you don't have anything to negotiate out then you have to pay. So you have to show the City how you are paying. It's a little involved and it's new to us and somebody has to do it.

Commissioner Ito said that she is a little confused. The contract is with Pavex Division but they are owned by Granite. She does not see the difference.

Mr. Bunch said the payroll comes from Pavex and would account for all of their employees. The best way to get that would be to review their conditions of employment and see their representative to first find out from the employees, better than the contractor. The union attorney felt that the contract is better than

the prevailing wage standards and the office of Labor Standards Employment would demonstrate the results of its investigation.

Mr. John Becker, Vice President, Teamsters Local 853, said that the issue is if Granite Rock pays equal to what the contractors pay. As of last night when he left the office he had not received a fax or the information regarding the comparison between Granite Rock and the rest of the industry. Their understanding is that health and welfare is less than what we are receiving. Also their pension ... their drivers receive what constitutes a pension based on an hourly rate as well as the union 401K where an employer contributes and the employee can contribute. You have to look at Granite Rock Pavex. Granite Rock will get the concrete from Granite Rock. They will get their spreaders from Granite Rock, whereas you another contractor will give them concrete from Central or Semex. They all have contracts with us that pay a fair wage, 100% health and welfare pension benefits and guarantees as well. That's another aspect to look in the Labor Agreement. It is not just the wages ... what's the guarantee that a person has? When we show up for work at certain times of the year we are guaranteed 8 hours. There is no guarantee under Granite Rock right now on their ready-mix contract. That's why there are grievances.

He asked the Commission to deny this contract and to award it to a contractor that is 100% union. We will get them supplies from a union provider. Granite Rock provides their ready-mix ... it goes from one pocket to another. It's not like Ghilotti getting their concrete from Semex or Central or Boden.

They do have pending unfair labor practices with the Labor Board that have not been resolved. We will be collecting affidavits from our members and from others in the action that is going on. Granite Rock has been found to give a lot of misstatements ... even in Federal Court.

Commissioner Ito asked if Granite Rock's relationship with the teamsters has been a long term problem.

Mr. Becker responded that over the last eight years we have had two strikes, and there have been a total of six or seven strikes in the last eight years. Whereas with the rest of the industry there haven't been any strikes that he is aware of.

Commissioner Mazzola asked if he's seen strikes with other trades.

Mr. Becker responded the teamsters, operators and the laborers.

Commissioner Ito asked if the results been favorable to the labor groups.

Mr. Becker responded that he did not know the outcome of those. They were settled and they went back to work. They are not in the position that we are in. Local 853 is in a unique position to where we have been out there fighting. The strike started on July 2nd and we pulled the picket line two or three weeks ago.

Commissioner Ito said that Mr. Bunch suspects their wages could be equal or higher, but it is the benefits that are in question. She asked Mr. Becker if that

was his understanding.

Mr. Becker responded yes. It's ready mix and road oil. The ready mix drivers that bring the concrete to the Airport from Redwood City and the individual that spreads the oil before the asphalt is laid on the ground.

Mr. Tom Squeri, General Counsel for Granite Rock Company. Granite Rock Company is an integrated company. They do construction work under the Pavex name. All of the Pavex forces are union forces. They have never had a strike or a labor dispute involving the Pavex forces. We have been doing work successfully at the Airport and paying prevailing wages without a problem for over 10 years and have done tens and tens thousands dollars worth for the Airport.

The labor dispute that you are hearing about today arises out of a group of about 20 or so users that work out of our Redwood City concrete plant. The reason for the dispute is that those employees of ours voted to be non-union and the strike that Mr. Becker talked about results from that vote and the union trying to put pressure on them to join the union again. We have been through the NLRB and they ruled that the teamsters action was unlawful. They have given all of the documentation of this to the City Attorney. The picketing has stopped because the NLRB has told the union after filing a complaint against them, you must stop the picketing and since that order from the NLRB we have been in serious settlement negotiations with the union. The NLRB has said the union cannot picket Granite Rock unless the union first comes to the NLRB with evidence to prove that we paid substandard wages to that group of drivers. That has not happened yet and we are confident that it won't happen.

The amount on the drivers' check and the combined benefits we feel are superior to everything else paid in the industry. As far as complying with San Francisco Ordinances, we are going to comply with every law that applies to us on this project and we have done that for every project we have done for you. There is just not an issue.

This was never a strike. What happened in Redwood City after our drivers voted to leave the union was they continued to work. It was picketing by the union to force our drivers back in the union. They kept working every single day; our folks have not been on strike out there. They are signatories to the project stability agreement, project labor agreements for the Airport. He did not understand the purpose of this hearing. If the argument is that Granite Rock is not a responsible bidder for this project because of a labor dispute with the teamsters at a concrete plant in Redwood City, he is not sure that the Commission could deny this bid. The Commission could chose to rebid.

They are a responsible bidder ... they meet the license qualifications, the bonding qualification and every other qualification. They have done harder bigger jobs for the Airport with the same forces we are going to do on this job.

Finally, they don't buy their own concrete for these projects. They have listed concrete subs and they can choose to buy their concrete from whomever they want to. They are not supplying their own concrete.

Commissioner Johns clarified that Mr. Squirie was saying the concrete purchase that Mr. Becker spoke about is not directly just from Granite Rock.

Mr. Squeri responded that it is from whoever our listed concrete sub chooses to buy it from. It could be from Granite Rock, it could be from Bodie, or Central, or Semex or Joe's Concrete, that is completely up to him. They don't set that expectation. They take bids from bidders and subbidders and they tell us what the concrete price is and if they use our materials then fine, if they want to use somebody else's that's fine too.

Commissioner Johns asked Mr. Squirie if he knew anything about this report ... whether it exists or is still in the making.

Mr. Squeri responded that he has not seen one. They are looking forward to seeing it because they are confident that their rate package is at least as good as the industry prevailing wage.

Mr. Martin said that these two projects ... both this one and the next, is are basic to the safe operation of Airport. The pavement projects that need to occur year after year and are federally funded in large part. The contractors that are selected must abide by prevailing wage and benefit standards of the City. If the Commission awards these two contracts to Granite Rock dba; Pavex it is incumbent upon Bill Wong of the Airport staff to work with Donna Leavitt of Labor Standards to ensure that the contractor fully comply with those standards. If the union submits information that says the standards aren't being met, our staff will follow up and make sure that they are met and take legal action if they aren't. He feels that we are on a right course to ensure that all the requirements are met if the Commission does approve the contract.

Commissioner Mazzola said that he is voting no because this is a contractor who continuously is awarded bids at this Airport and it is hard for him to continue without knowing the outcome of the NLRB. It is incumbent upon him to keep an eye on this. It bothers him that a union that has 17,000 members have 25 members who work for this company who are not satisfied...25 members out of 17,000 are not satisfied and all 25 work for the same company. My vote is no.

Commissioner Ito said that she was going to vote in favor of this contract, but with a little reservation. She has confidence in staff to ensure that the prevailing wage and conditions will be met, and if not, that we will take the actions that we deem appropriate. She wants Granite Rock and Pavex to know that her vote is with reservation. She realizes that this project is important and we need to keep our Airport safe.

Commissioner Guggenheim said he would vote yes, with the comment that he has never voted against Commissioner Mazzola, a man he admires greatly.

Item No. 5 was moved by Commissioner Guggenheim and seconded by Commissioner Ito. The vote to approve was 3-1, with Commissioner Mazzola casting the dissenting vote.

5. Award Contract 8355 - Boarding Area B Apron Reconstruction - Granite Rock Company, dba Pavex Construction Division - \$2,642,165

No. 08-0188

Resolution awarding Contract 8355, Boarding Area B Apron Reconstruction, to the lowest responsive, responsible bidder, Granite Rock Co., dba Pavex Construction Division, in the amount of \$2,642,165.

Mr. Eavis said that this contract will repair and reconstruct portions of the Boarding Area B concrete apron and reconstruct defective portions of asphalt on the taxiway between Boarding Areas B and C. This project will also replace an existing waterline. The main difference between the engineer's estimate and the bid is due to the very favorable pricing for cold planning and the Portland cement.

The price came in under the engineer's estimate.

Item No. 6 was moved by Commissioner Guggenheimer and seconded by Commissioner Johns. The vote to approve was unanimous.

6. Approval of Letter of Agreement with United Airlines Authorizing Sublease of Office Space at Airport Building 575

No. 08-0189

Resolution authorizing the Director to execute a Letter of Agreement with United Airlines authorizing sublease of office space required for staff relocation necessary to accomplish renovation and re-opening of Terminal 2.

Mr. Fermin explained that due to the Terminal 2 renovation we will be relocating approximately 40,000 square feet of Commission staff offices. Because we do not have that much contiguous space on Airport we were considering four alternative off Airport sites. Annual rents off Airport were ranging from \$36 - \$46 per square foot per year. Annual costs going off Airport would be about \$1.7 Million, assuming we went with the lowest rent building. However another alternative has emerged on Airport on the second and third floors of the former United Airlines Administration Building. The building is on McDonnell Road. If you were to drive out of Courtyard G in the International Terminal and head towards the Rental Car Center, it is the first building on your right as you turn right on McDonnell Road, just past the end of the International Terminal G public parking garage.

United currently leases Plot 6, which is about 60 acres and includes this building as well as their cargo building and some smaller structures. They pay a lease rent of a little over \$2 million annually for the entire package and this lease ends on June 30, 2011. Our sublease rent through June 30, 2011 for the second and third floors would be for about \$950,000 to \$1 Million annually, depending on the final square footage configuration. Since hazardous material remediation is United's responsibility we would subtract the hazmat costs of \$386,000 per year for a net sublease rent of anywhere between \$75,000 to \$114,000 per year. This net sublease rent that we would owe United for the sublease would then be

deducted from the \$2 Million annual rent that United pays us for the entire Plot 6. Then on July 1, 2011 we would give United a ten year extension of the lease for the remainder of Plot 6, excluding the building footprint that we occupy. This will enable them to continue using their cargo building across from the building where we would be and additionally, we would rent to them the ground floor of the building that we occupy which they currently use for their various shop functions.

* * *

H. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 7 through 12, was moved by Commissioner Johns and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

7. Authorization to Issue a Request for Qualifications to Provide Underwriting and Related Services

No. 08-0190 Resolution authorizing issuance of a Request for Qualifications to provide Underwriting and Related Services in connection with the Airport's Financing Program.

8. Bid Call - Contract No. 8878 - Airport Wide Electrical and Telecommunications Improvements and Repairs

No. 08-0191 Resolution approving the scope, budget, and schedule for Contract 8878, Airport Wide Electrical and Telecommunications Improvements and Repairs, and authorizing the Director to call for bids when ready.

9. Authorization to Commence Contract Negotiations for Noise Insulation Consulting Services - C. Kell-Smith & Associates

No. 08-0192 Resolution authorizing staff to commence contract negotiations with C. Kell-Smith & Associates for Noise Insulation Consulting Services.

10. Modification No. 3 (Closeout) to Contract No. 8136PS - Airport Security Systems Integration - Quatrotec, Inc. - Not-to-Exceed \$323,000

No. 08-0193 Resolution authorizing Modification No. 3 (Closeout) to Contract No. 8136PS, Airport Security Systems Integration with Quatrotec, Inc., increasing the not-to-exceed contract amount of \$323,000, for a new contract amount not-to-exceed \$9,323,000. This modification will provide for professional services to interface the new upgraded access

control (ACS) with the Security Access Office (SAO) operational databases, complete the ACS and CCTV project punch lists, develop project as-built documentation, provide 200 man hours of as-needed ACS and CCTV technical support following system acceptance, and a \$50,000 allowance for high tech EDS baggage system maintenance.

11. Award Contract 8851 - Workplace Violence Consultant Services - TAL Global Corporation - \$26,000

No. 08-0194

Resolution awarding Contract No. 8851 to TAL Global Corporation, for Workplace Violence Consultant Services in the amount of \$26,000.

12. Smarte Carte, Inc.'s Luggage Cart Program Lease and Operating Agreement No. 01-0343 - Exercise Third One-Year Option to Extend the Term

No. 08-0195

Resolution exercising the third of five one-year options to extend the term for Smarte Carte, Inc.'s Luggage Cart Program Lease and Operating Agreement No. 01-0343 for an extension term of April 1, 2009 through March 31, 2010, and directing the Commission Secretary to seek Board of Supervisor's approval for the same.

* * *

I. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

J. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

K. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.14 on whether to disclose action taken or discussions held in Closed Session.

* * *

L. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:49 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

October 21, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
October 21, 2008

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AIRPORT COMMISSION MEETING MINUTES

October 21, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Eleanor Johns
Hon. Rich Guggenheimer

Absent: Hon. Caryl Ito

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 7, 2008 were adopted unanimously.

No. 08-0196

* * *

D. DIRECTOR'S REPORT:

1. SFO's Annual Equal Employment Opportunity Labor Force and Activities Report for Fiscal Years 2007-08 and 2008-09

Ms. Theresa Lee, Deputy Director, Administration said the Airport has developed an EEO Report in accordance with the San Francisco Administrative Code. The purpose is to insure equal employment opportunity throughout the Airport. The California Constitution, as amended by Prop 209, prohibits a local government from discrimination against or granting preferential treatment to any individual or group on the basis of race, sex, color, ethnicity or national origin in the operation of public employment, education and contracting. However, the State does not prohibit the collection of statistical data and reporting of underutilization by groups to monitor employment practices nor does it prohibit focused outreach as part of general employment practices, if any group is under represented in entry level positions in the public sector as well as employers.

It is the objective of the Airport that every person have an equal opportunity to access all phases of employment. The Airport's EEO Report includes information on achievements and programs that we are working on in the current year, as well

as workforce review and utilization analysis department-wide by divisions in categories of race and gender.

We continue to provide staff development opportunity through our new management development program which also includes extended staff training for line and supervisory employees.

In the area of outreach, we have expanded outreach to the East Bay cities by working with community and employment agencies, especially important with the high cost of living in San Francisco. We want to make sure that we are able to cast the net as far as we can in terms of encouraging applicants from outside the City as well. A recent report discusses the continued migration of minorities, especially African Americans out of the City. This type of outreach has been incorporated into our recent custodial recruitment and outreach as well.

Our internship programs provided internships to over 70 students and young adults.

Nineteen EEO complaints were received this year and all but four were resolved. Nearly 300 hires were completed. Our workforce competition has not changed significantly from the prior year basically we continue to be underutilized in the groups comprised of European Americans, women and Hispanics. Hispanics are under represented in most areas except for service maintenance and office and clerical categories. European Americans are under represented in most areas except for administrators and protective service and crafts. African Americans are under represented in the crafts category. Asians are under represented in the administrative, protective service, and crafts categories. American Indians are under represented in all categories except for professional and crafts.

To address the underutilization of women and other groups we plan to continue our aggressive outreach and recruitment through a variety of programs by formalizing and enhancing the Airport Recruitment Advisory Committee to include representatives from all divisions, formalized recruitment expectations of our supervisory and management staff to be personally and proactively involved in recruitment and outreach efforts, to get them more engaged and involved, develop a pool of search firms with expertise in providing a diverse candidate pool, work with women and professional and trades organizations to increase gender diversity, work with the City's Department of Human Resources to change Civil Service rules and policies that limit promotional opportunities from non-professional classes to professional classes, and to develop a succession of retention strategy to increase staff development, mentoring and training.

All of the above activities, along with our existing efforts make up the Airport's comprehensive program to address EEO and to insure that we have the proper workforce to meet future challenges. The key elements are focused recruitment and outreach, staff training and development, employee recognition, work environment assessment and improvements. I'll be happy to answer any questions that you may have.

Commissioner Crayton noted that the Airport outreaches to Federal agencies in

San Francisco and we use executive search firms. Do we reach non-San Franciscans?

Ms. Lee responded we use a combination based on our request for proposal. We have one that is local and one that out of state.

Commissioner Crayton thanked Ms. Lee, saying that her report is very comprehensive the details and the breakout is excellent. She looks forward to receiving this report each year. She particularly liked the summer programs and the way the Airport outreaches. She asked how we came to the conclusion that European Americans, women and hispanics were underutilized. She sees something else when she looks at the report.

Ms. Lee responded that it's based on the labor market availability based on the adjusted 2007 census.

Commissioner Crayton said that it's the census and not what is actually going on at the Airport?

Ms. Lee responded that the underutilization is compared to the labor market availability based on the 11 counties. She asked Commissioner Crayton if she was looking at a particular number.

Commissioner Crayton said that when she looks at the labor force analysis department-wide she sees that European Americans are 62.1% of officials and administrators and all of the other categories. In looking at the other categories, she did not understand how that particular category is underutilized. It appeared to her that they are the major workforce at the Airport.

Ms. Lee responded that the utilization rate is compared to the labor market availability and so for each shop category (Page 18).

Ms. Lee stated the labor market availability on the last row is 53% for European Americans. We put the report comparing job category so under officials and administrators they represent 52%. So in that area they are over represented, for lack of a better word. But if you were to look at office and clerical in the middle, they only represent 24% of that job category, so in her report she had indicated certain various job category areas that they were underutilized.

Commissioner Johns asked if they are underutilized based on the total population ... because of the ratio that you are doing in the comparison..

Ms. Lee responded that it is based against the 11 counties by residency. For example, if 45% of San Francisco residents lived in Oakland or Alameda County they would then divide that 45% of the available workforce would come from Alameda County and so forth, and so that is all spread through 11 counties and the Airport's makeup of residency is approximately one third San Francisco, San Mateo and other counties.

Commissioner Crayton asked if this is based on the 2000 labor market census.

Ms. Lee responded it is also adjustments as provided by the City's Department of Human Resources.

Ms. Lee added that we have acknowledged, in terms of areas where Hispanics and African Americans are under represented, and that is where our targeted outreach has been focused on.

Commissioner Crayton assumed that because it says that the only available pool for African Americans in San Francisco is 6% then because we show more than 6% in each category it appears that they are over represented ... which they are not ... but because it says that there is only 6% availability in San Francisco and you are using those totals.

Ms. Lee responded that it is 6% represented throughout the 11 counties so it's pooled from that again based on residency.

Mr. John Martin, Airport Director, added that they are under represented in the craft category.

Ms. Lee added that even though they meet parity based on the census data, we still conduct aggressive outreach to minorities in all areas. For example, for African Americans we have very targeted outreach for crafts and professionals.

Commissioner Crayton asked if we used the same labor market data last year.

Ms. Lee responded that we did.

2. FY 2007-08 Report from the Airport's Office of Employment and Community Partnership

Ms. Lee explained that the Airport's Office of Employment and Community Partnership (ECP), through its program and staff, has built a strong, credible and effective relationship with City Community Based Organizations (CBO) that provide employment development and placement, and with our Airport tenants and employers. ECP's priority is to target underemployed areas within the City, such as the southeast portion, and work closely with various CBOs and other agencies in educating its clients in accessing job opportunities at SFO. So, we are looking not just at Commission employment, but how we can diversify and bring in more San Francisco residents to work with our Airport employers.

The ECP has three key programs. Workforce development is a major activity for the office. These programs include outreach to the Welfare to Work and under employed population in San Francisco and connecting them with Airport employers. This includes hiring faires, job faires, workshops on how to apply for Airport jobs. We sponsor two hiring faires in the Southeast and Mission areas of the City. We participated in 23 job and resource faires; conducted two workshops for CBOs on application processes; and we continue to represent the Airport on City programs such as City Build and the Transgender Employment Initiative.

The Employment Information Center is a busy center and a valuable resource for both job seekers and for our Airport employers. Job seekers are able to access resume development, skill building and improving their writing skills on our computer workstations. We have postings nearly from all of our Airport tenants. They post their entry level and professional level openings at the center and this past year received over 5,000 applications through the center that we then forwarded onto our tenants. We assisted, on average, 400 visitors a month.

Internship Programs is a very highly successful part of our workforce development. We have served over 70 students and young adults.. The composition of this program includes females, which represented close to 50%, male 51%, African Americans 40%, Asians 40%, White 14% and Hispanic 6%.

Although we are proud of our intern programs we are especially proud of the Career Connect Program which was established in 2004 targeting at risk youth ages 18-25. This is a 10 week program to provide them with soft skill training as well as work exposure in Commission offices with the ultimate goal of transitioning them to employment either with the City or with a private employer. This is a very time intensive program working closely with the interns and our mentors and we really appreciate all the Commission mentors who have given their time to work with these special interns. The interns represent a diversity of backgrounds and some come from foster care, some are single parents and a majority of them are from low income families. Our goal is to place a minimum of 50% of these interns in employment at the end of the session. We have exceeded our goal each session and we have added a college track component that encourages youths to stay in school while providing them with part time internships.

School Partnership is another activity. We partner with high schools and colleges through job faires, presentations at Career Days and internship development. San Francisco State, San Francisco Unified School District, UC Berkeley and Embry Riddle are a few examples. We are pleased that the Airport has been able to transform many lives. They continue to keep in contact, which is one success indicator proving that they continue to trust and look to us for guidance.

Commissioner Johns asked where the Employment Information Center is located?

Ms. Lee responded it is in the T-2 Lobby. If you were to walk towards the construction wall it is to your right, just before the elevators.

Commissioner Johns asked if it is staffed daily.

Ms. Lee responded that it is. The ECP is comprised of 3 staff ... one staff handles the Employment Information Center which will be relocated to the I.T. near the Reflection Center. We receive over 400 visitors a month, and that doesn't include phone calls and information that is accessed through the web.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Guggenheimer and seconded by Commissioner Crayton. The vote to approve was unanimous.

3. Modification No. 3 to Professional Services Agreement - Contract No. 8746 Jacobs Consultancy, Inc. - \$600,000

No. 08-0197

Resolution approving Modification No. 3 to Professional Services Agreement with Jacobs Consultancy, Inc. to increase compensation in an amount not-to-exceed \$600,000 to provide professional services to include development of two-and three-dimensional airspace surface drawings, terminal simulation, aircraft ramp analyses and simulation, and additional aviation planning services for a total contract amount not-to-exceed \$2,225,000.

Ms. Danielle Rinsler, Deputy Director, Planning explained that this item is a contract modification for Jacobs Consultancy. Jacobs is one of the Airport's as-needed Airport Planning and Management consultants. They are also a member of our Financial, Planning and Management Consulting Services Pool.

Under this contract modification Jacobs and its subconsultant, Planning Technologies, Inc., will assist the Airport with airspace surface mapping for use in a comprehensive Airport Land Use Compatibility Plan update that we are working with the County Association of Governments Airport Land Use Commission to prepare. The plan will provide land use policy guidance to local planners and will restrict proposed land uses within a zone defined by aircraft noise exposure surfaces and air space surfaces. Plans for development within the Airport influence boundary will be subject to review and approval by the Airport Land Use Commission.

The study will model two and three dimensional air space surfaces to identify maximum allowable building heights and develop an internet based pool for Airport staff, community planners and developers to use to evaluate projects that may impact the airspace surfaces around the Airport. This contract modification also includes a budget for terminal simulation work, aircraft ramp area analyses, aviation demand forecasting and other as-needed aviation planning services that we anticipate performing over the next year. All as-needed tasks will be authorized in advance by the Airport Director.

Item No. 4 was moved by Commissioner Guggenheimer and seconded by Commissioner Mazzola. The vote to approve was unanimous.

4. Assignment of Lehman Brothers' Contract to Barclays Capital to Act as

Commercial Paper Dealer

No. 08-0198

Resolution approving assignment and name change of the Lehman Brothers' Commercial Paper Contract to Barclays Capital.

Mr. Ben Kutnick, Finance Director said that this item requests approval on the assignment of Lehman Brothers Commercial Paper contract to Barclay's Bank. In mid September Lehman Brothers declared bankruptcy; on September 22nd Barclay's Bank acquired most of the assets from Lehman Brothers and have since hired most of their staff. If you approve this we will be working with the same people at Barclay's Bank that we were working with at Lehman Brothers.

The Airport currently has \$86 Million standing in Commercial Paper ... we have a \$200 Million Commercial Paper Program. We have three dealers on contract besides Lehman Brothers ... they include JP Morgan and RBC Roger. We would like at least three dealers available for bond market access. Yesterday morning we sold \$25.5 Million for the Terminal 2 project at 2.25%. The market seems to be calming down from volatility we found through the month of September.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 10, was moved by Commissioner Crayton and seconded by Commissioner Guggenlime. The vote to approve was unanimous.

5. Authorization to Issue a Request for Qualifications for As-needed Aviation Planning and Management Services

No. 08-0199

Resolution authorizing Airport staff to proceed with a Request for Qualifications for As-needed Aviation Planning and Management Services.

6. Authorization to Commence a Competitive Selection Process for the Terminal 1 Boarding Area C Retail Lease

No. 08-0200

Resolution approving the proposed minimum qualifications requirements and lease specifications, and authorizing staff to issue a Request for Proposals, and conduct an informational conference for the Terminal 1 Boarding Area C Retail Lease.

Mr. Frank De La Cruz, a principal founder of Pacific Gateway Concessions, said that he has worked in concessions at the Airport since 1998 and they have been very successful. They opened with seven stores and they now have 25. He thanked the Airport for helping them to grow their business at SFO, and, they fully support the proposal on Terminal C.

Commissioner Mazzola asked if they are an association.

Mr. Del La Cruz responded that they are a concessionaire at the Airport.

Commissioner Mazzola asked if it was an association of different people or is it just one company?

Mr. De La Cruz responded that Pacific Gateways Concession is an LLC which is owned by two companies.

7. Authorization to Issue a Request for Proposals for Contract 8874 - As-Needed Executive Search Firms for Hard-to-Fill Executive and Airport Specialized Positions

No. 08-0201

Resolution authorizing Issuance of a Request for Proposals for Contract 8874, As-needed Executive Search Firms for hard-to-fill Executive and Airport Specialized Positions and authorizing staff to conduct negotiations with the highest-ranked proposer.

8. Six-Month Trial for a Contemporary Travel and Accessories Store - Marilla Chocolate Company

No. 08-0202

Resolution authorizing a six-month trial with Marilla Chocolate Company, a certified Airport Concessions Disadvantaged Business Enterprise, for the operation of a Contemporary Travel and Accessories Store.

9. Approval to Exercise the First of Two One-Year Options for the Garage Taxi Staging Area Mobile Catering Truck Lease with K-Delight

No. 08-0203

Resolution approving the first of two one-year options for the Garage Taxi Staging Area Mobile Catering Truck Lease with K-Delight.

10. Ratification of the Settlement of Unlitigated and Litigated Claims Not Exceeding \$10,000 During FY 2007/08.

No. 08-0204

Resolution ratifying the settlement of unlitigated and litigated claims for FY 2007/08 amounting to \$22,584.04.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:29 AM and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding pending litigation entitled Airis SFO, LLC; Airis Holdings, LLC; and Duane Morris, LLP v. CCSF, San Mateo Superior Court Case No. 448274; and, Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:50 AM. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

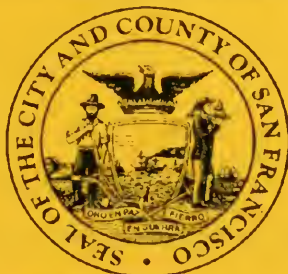
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K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:51 AM.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

November 18, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
November 18, 2008

CALENDAR SECTION	AGENDA ITEM	TITLE	RESOLUTION NUMBER	PAGE
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B.		ROLL CALL:		4
C.		ADOPTION OF MINUTES:		
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D.		SPECIAL ITEM:		
	1.	Election of Officers	08-0206	4
E.		ITEMS INITIATED BY COMMISSIONERS:		
		Report on Art Selection		4-5
F.		ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:		
	2.	Approve Use Permit to Conduct Carbon Offset Kiosk Pilot in the Terminal Building Complex	08-0207	5-8
	3.	Approval for Signature Flight Support Corp. to Erect New Hangar and Associated Office and Maintenance Space on Plot 42	08-0208	8
	4.	Amend FY 2008/09 Airport Rates and Charges for Public Parking	08-0209	8-9
	5.	Modification No. 1 to Contract 8474 - Rehabilitation of Airport Cooling Tower	08-0210	9-10
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	6.	Award Contract 8225C - Perimeter Fencing - Central Fence Company	08-0211	10
	7.	Authorization to Commence Competitive Selection Process for Boarding Area F Specialty Retail Kiosks Store Lease A and B	08-0212	10-11
	8.	Bid Call - Contract 8427B - Mel Leong Treatment Plant Shop Building Construction	08-0213	11
	9.	Bid Call - Contract 8804 - Central Plant Valve		

	Replacement	08-0214	11
10.	Bid Call - Contract 8835 - Generator and Diesel Fuel System Maintenance and Repair	08-0215	11
11.	Bid Call - Contract 8206A - Airport-wide Facilities Fall Protection System	08-0216	11
12.	Bid Call - Contract 8314C - Facilities Mechanical and Plumbing Improvement	08-0217	11
H.	NEW BUSINESS:		12
I.	CORRESPONDENCE:		12
J.	CLOSED SESSION:		
	Potential Litigation		12
K.	ADJOURNMENT:		12

AIRPORT COMMISSION MEETING MINUTES

November 18, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:

Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenheimer

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of October 21, 2008 were adopted unanimously.

No. 08-0205

* * *

D. SPECIAL ITEM:

Commissioner Crayton nominated Commissioner Mazzola for President, with a second by Commissioner Guggenheimer. The vote to approve was unanimous.
Commissioner Ito nominated Commissioner Crayton for Vice President, with a second by Commissioner Guggenheimer. The vote to approve was unanimous.

1. Election of Officers

No. 08-0206

Commissioner Crayton thanked the Commission for its confidence.

Commissioner Mazzola thanked the Commission for its confidence and hoped they will let him know when he can be helpful. He enjoys being Commission Chair.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton asked if there has been a report on the art selection. She would

like to know what is going on.

Commissioner Ito responded that she had a conversation with the Art Commission President and they will be meeting with the Director on how to proceed in getting information. It's just a matter of gathering the facts. This will come to us in January. Our Public Arts Committee doesn't meet until December 11th and she wants to be prepared and have the support of this group in terms of how we need to proceed.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

2. Authorization of a Use Permit to Conduct a Carbon Offset Kiosk Pilot in the Terminal Building Complex with 3Degrees

No. 08-0207

Resolution authorizing a revocable Use Permit for 3Degrees to operate a Carbon Offset Kiosk Pilot in the Terminal Building Complex to provide passengers the opportunity to purchase carbon credits to offset travel carbon footprint.

Mr. John Martin, Airport Director introduced Wade Crowfoot of the Mayor's Office.

Mr. Crowfoot said that this project is a key priority of the Mayor and he is eager to get it up and running. It's a pilot program that would place a kiosk at SFO that would provide travelers an opportunity to purchase carbon offset credits. Carbon offset credits are funding for projects that actually decrease emissions into the atmosphere. We all recognize that air travel and car travel are a way of life and necessary and good in many ways, but increasingly there are options to actually offset the environmental impact of that air travel through funding projects in San Francisco, in California and in the U.S. that are focused on improving the environment. This is an innovative step forward for SFO and thanks to Director Martin and staff, SFO is once again leading the way in testing whether a voluntary kiosk for airport travelers to purchase their carbon offsets is a good idea at SFO.

Commissioner Ito asked what this means.

Mr. Martin responded that he will walk through the business terms and then if there are further questions for Wade he can come back up as well.

Mr. Martin explained that this would be a one year pilot program with a 30 day revocable permit, and it could be extended for up to two years. It is with 3Degrees and we would really be working in partnership with 3Degrees on this program. The Airport would provide the kiosk. The kiosk would be exactly the same as the common use self service check in devices that we have in the International Terminal which are owned and maintained by the Airport. 3Degrees would provide the software for the kiosks and the tie in to allow passengers to calculate

the carbon footprint from their travel and make a contribution with a credit card to offset the carbon footprint. 3Degrees would work with the Mayor's Office and the Department of Environment, especially in getting final certification from the Department of the Environment on the projects that would be certified. Some project examples would include agriculture and organic waste capture, coal mine methane gas capture, sustainable forestry, new renewable energy facilities in developing countries, agricultural methane gas capture. The target date for installing the devices is in the March/April time period for 2009. Initially 70% would go to projects in the portfolio and 30% would go to 3Degrees. Since this is a new venture we don't anticipate that they will realize a profit. We will have terms in the contract requiring 3Degrees to either share their profit with SFO or that more of the money go into the projects that are identified. We can talk that through with the company and come up with a plan.

Commissioner Johns asked about the initial cost to set up the kiosks.

Mr. Martin responded that total is about \$163,000 for the Airport. Even if it fails, the approximately \$100,000 in equipment would still be there for use for other purposes over time. Than about \$10,000 additionally for our marketing ... our Marketing staff will work with 3Degrees to promote this.

Commissioner Johns asked if 3Degrees shares in any of the risk.

Mr. Martin responded their risk is on the software development side.

Commissioner Ito asked how this is managed. Does 3Degrees oversee where the contributions are going, or is it a direct contribution via credit card to the project?

Mr. Martin responded that 3Degrees will identify a range of projects to which passengers could contribute and those projects will be certified by the Department of the Environment.

Commissioner Ito assumed that no money will pass through the Mayor's Office or the Department of the Environment.

Mr. Martin responded that it would go directly to 3Degrees.

Commissioner Ito asked who then distributes it to the organizations.

Mr. Martin responded yes.

Commissioner Ito assumed that 3Degrees will act as the fiscal agent in this.

Mr. Martin responded yes. They are doing this on the internet already, but not at a site like an airport today.

Commissioner Johns asked if they are a 501C3?

Mr. Martin responded they are not. They are a for-profit entity. These projects at this time do not qualify for 501C3 status.

Commissioner Ito asked if individuals have tax benefits for these carbon offsets?

Mr. Martin responded not at this time. They're still evolving. As we undertake this program we will look at other options. Could we do this ourselves versus a third party? Hopefully 3Degrees will be able to bring their administrative costs down, especially if they are able to get other entities that are deploying kiosks in a similar way and realize higher revenues. He is certain that they will be working towards trying to get projects that qualify for tax exempt status so that when passengers contribute money they can realize the tax benefit from that as well.

Commissioner Crayton asked if other airports have these kiosks.

Mr. Martin responded that we are the only airport in the U.S. that will have it.

Ms. Julian Potter, Airport staff, responded that other airports have looked at this but have been unsuccessful. Denver put out an RFP last year but received only one bidder. They weren't able to actualize the project. The New York/New Jersey Port Authority is looking at this but in a much larger package of Carbon Offset for the whole airport. No one has been able to put together a stand alone kiosk.

Commissioner Ito asked Ms. Potter if she had any detail on airports in Europe or Asia implementing this type of program.

Ms. Potter responded that she did not know of any other airports that have implemented this. She believed some airlines have been able to offer carbon offset options with ticket purchases on the web. The trick is taking the web based application and putting it in a stand alone kiosk. It's a different type of technology.

Commissioner Johns asked if the kiosk will be manned. How will it be marketed?

Mr. Martin responded that there will be three kiosks in the trial. We will use signage and promote it through our marketing staff so that people know about it. There will be three locations ... two in the International and one in Terminal 3.

Commissioner Johns asked if that is up to Airport to market it.

Mr. Martin responded that we will work with 3Degrees.

Ms. Potter added that one of the kiosks will be behind the Customer Service Desk in Terminal 3 so we will be able to educate the Information Desk staff. The others are in the International Terminal ... one by Virgin, a proponent of this program. The key will be the marketing driving to these particular kiosks.

Commissioner Johns asked if we will have access to the credit charges.

Ms. Potter responded that we will do monthly analyses so that we know what type of passengers use it. Is the passenger going to Europe, or South America? Is this an Asian passenger or domestic? We will try and get a sense of usage and then we can redirect marketing efforts to bring up that utilization.

Commissioner Mazzola asked if the \$163,000 is for all three kiosks or is it per kiosk.

Mr. Martin responded that it covers all three.

Commissioner Mazzola asked if we could suggestion of a charity for the trial.

Mr. Martin responded that we can work with the Department of the Environment and 3Degrees on suggestions, especially if they are a 5013C.

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

3. Approval for Signature Flight Support Corporation to Erect a New Hangar and Associated Office and Maintenance Space at its Sole Cost on Plot 42

No. 08-0208	Resolution approving Signature Flight Support Corporation's proposal to erect a new hangar and associated office and maintenance space at its sole cost at the fixed base operation located on Plot 42.
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Mr. Leo Fermin, Deputy Director, Business and Finance explained that the Fixed Base Operation handles corporate jets and other general aviation aircraft and consists of an executive air terminal, two aircraft hangars, aircraft parking and circulation areas. The current lease and operating agreement with Signature Flight Support is for a 10 year term which began on October 1, 2007. In addition to the minimum refurbishment requirements in the lease for the existing facilities, Signature's original proposal offered to build a new third hangar at their own expense. The Airport will own this hangar upon its completion and Signature plans to spend \$6,000,000 to complete construction in approximately 12 months.

The U.S. Green Building Council administers the LEED (Leadership in Energy and Environmental Design) green building rating system and the proposed new hangar will be one of the first in the country to be LEED certified. Signature will attempt to achieve a Silver LEED designation. They plan to use environmentally friendly building products such as recycled materials, low toxic and local materials and salt energy efficient water, electrical, mechanical and waste management systems.

Item No. 4 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Approval to Amend FY 2008/09 Airport Rates and Charges for Public Parking

No. 08-0209	Resolution approving and authorizing Director to amend Fiscal Year 2008/09 Rates and Charges for hourly auto parking.
-------------	---

Mr. Fermin explained that the last time the hourly parking rates were increased

was over five years ago. Since then we've absorbed a 19.4% increase in cashier payroll costs and a 14% increase in other parking contract expenses. Additionally, we recently invested over \$6,000,000 in improving our customer payment systems and next year we are scheduled to invest \$2,500,000 in replacing expansion joints in the central garage. Forty-three percent of all of our parking stays are within an hour in duration and currently averages \$3.05. This rate increase will cause this average stay to cost 61 cents more, to \$3.66. Annually this increase will bring in \$2,500,000 more in revenues of which \$375,000 will go to the City's annual service payment. As a comparison to transit fares, over this same period BART fares to San Francisco have increased by 21.6% and CalTrain fares from downtown San Francisco to Millbrae have increased by 21.4%.

Commissioner Johns asked if this is just for the Central Garage.

Mr. Fermin responded that it will also include the long term garage.

Mr. Martin responded that it applies to all parking facilities ... but not for the overnight rate, just for the short term (hourly) rate.

Commissioner Johns assumed that since there would be no increase in the overnight rate we would remain competitive with other overnight facilities.

Mr. Fermin agreed. We are not increasing the overnight rate in either the short term or the long term garages. All we are doing is adjusting the hourly increment within the day rate. The overnight rate will remain the same.

Commissioner Ito replied the overnight rate will be the same.

Commissioner Crayton asked how our rates compare to Oakland Airport.

Mr. Fermin responded that all of the Oakland Airport rates are \$4.00 an hour, compared to ours which will now be at \$6.00. San Jose Airport is \$3.00 per hour, however, their Terminal C garage overnight rate is \$40, compared to our \$33. Oakland's overnight rate is comparable to ours at \$32.

Mr. Martin believed that we are cheaper than Oakland on the long term parking.

Mr. Fermin responded that our long term lot is cheaper than Oakland.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

5. Modification No. 1 to Contract 8474 - Rehabilitation of Airport Cooling Towers - \$950,000

No 08-0210

Resolution approving Modification No. 1 to Contract No. 8474, Rehabilitation of Airport Cooling Towers, in an amount not to exceed \$950,000 for a total contract amount of \$2,209,423.

Mr. Ernie Eavis, Deputy Director, Facilities explained that under normal circumstances we would have included this work as part of this contract, or we would have bid another contract. However, since the contract was awarded we discovered that the 30 inch pipe and the 24 inch pipe that connects the two cooling towers in the Central Garage have almost completely corroded on the underside. It went undetected due to the tight fit of the. We found out that they have lost almost 3/4 of the thickness of the pipe underneath. Without these pipes we cannot run the chillers that provide the air conditioning for the Airport. This modification will replace these pipes. We will have to make a bypass initially and shut down the chillers. We want to do this work during the winter when we don't need the chillers because we will have to shut them down for periods of time to do the work. If we were to bid a contract we would be working in late spring and early summer and the public would suffer the consequences of no air conditioning.

Commissioner Crayton asked if this is part of depreciation.

Mr. Eavis responded that we set money aside for normal wear and tear and appreciation. These pipes are 30+ years old and these types of pipes should last somewhere in the neighborhood of 35 years. Because of groundwater intrusion into the utility tunnel they went sooner than we had anticipated.

Commissioner Guggenheimer asked if we have a depreciation reserve per se.

Mr. Eavis responded that we have an asset management program in place where we fund for things like this. We do that on an on-going basis.

Commissioner Crayton asked if these dollars would go against that reserve.

Mr. Eavis responded that we have money set aside to take care of these things.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 8 through 12, was moved by Commissioner Crayton and seconded by Commissioner Guggenheimer. The vote to approve was unanimous.

6. Award Contract 8225C - Perimeter Fencing - Central Fence Company - \$379,950

No. 08-0211	Resolution awarding Contract 8225C, Perimeter Fencing, to the lowest responsive, responsible bidder, Central Fence Company, in the amount of \$379,950.
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7. Authorization to Commence the Competitive Selection Process for the Boarding Area F Specialty Retail Kiosks Store Leases A and B

No. 08-0212	Resolution 1) approving the proposed minimum qualification requirements and lease specifications,
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and 2) authorizing staff to issue a Request for Proposal and conduct an informational conference for the Boarding Area F Specialty Retail Kiosk Store Leases A and B.

8. Bid Call - Contract 8427B - Mel Leong Treatment Plant Shop Building Construction

No. 08-0213 Resolution approving the scope, budget and schedule for Contract No. 8427B, Mel Leong Treatment Plant Shop Building Construction, and authorizing the Director to call for bids when ready.

9. Bid Call - Contract No. 8804 - Central Plant Valve Replacement

No. 08-0214 Resolution approving the scope, budget and schedule for Contract 8804, Central Plant Valve Replacement, and authorizing the Director to call for bids when ready.

10. Bid Call - Contract No 8835 - Generator and Diesel Fuel System Maintenance and Repair

No. 08-0215 Resolution approving the scope, budget and schedule for Contract No. 8835, Generator and Diesel Fuel System Maintenance and Repair, and authorizing the Director to call for bids when ready.

11. Bid Call - Contract No. 8206A - Airport-wide Facilities Fall Protection System

No. 08-0216 Resolution approving the scope, budget and schedule for Contract No. 8206A, Airport-wide Facilities Fall Protection System, and authorizing the Director to call for bids when ready.

12. Bid Call - Contract No. 8314C - Facilities Mechanical and Plumbing Improvement

No. 08-0217 Resolution approving the scope, budget and schedule for Contract No. 8314C, Facilities Mechanical and Plumbing Improvement, and authorizing the Director to call for bids when ready.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:30 A.M. and the closed session began.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:49A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

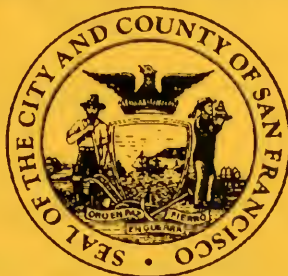
K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:50 A.M.

Original Signed by Jean Caramatti

Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

December 2, 2008

9:00 A.M.

**Room 400 - City Hall
#1 Dr. Carlton B. Goodlett Place
(400 Van Ness Avenue)
City and County of San Francisco**

GAVIN NEWSOM, MAYOR

COMMISSIONERS

LARRY MAZZOLA

President

LINDA S. CRAYTON

Vice President

CARYL ITO

ELEANOR JOHNS

RICH GUGGENHIME

JOHN L. MARTIN

Airport Director

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Minutes of the Airport Commission Meeting of
December 2, 2008

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E.		ITEMS INITIATED BY COMMISSIONERS:		4-5
	2.	Modification No. 6 to Contract 5703A, Phase 1 - AirTrain Operating System - Bombardier Transportation (Holdings) USA, Inc.	08-0220	5-6
	3.	Award Contract 8626 - Pavement Replacement and Construction - Interstate Grading and Paving	08-0221	6
	4.	Approval to Apply for State Grant Funds for West of Bayshore Area	08-0222	6-7
G.		CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:		
	5.	Award Contract 8878 - Airport Wide Electrical and Telecommunications Improvements and Repairs - Bass Electric	08-0223	7
	6.	Authorize Staff to Issue an RFP for CNG Fueling Station	08-0224	7
	7.	Bid Call - Contract 8617 - Runway 28R / 10L Overlay and Reconstruction	08-0225	7
	8.	Bid Call - Contract 8886 - Facilities Roof Repair	08-0226	7
	9.	Authorize RFP for Contract 8895 - Background Investigation Services	08-0227	7-8
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K.	ADJOURNMENT:		10

AIRPORT COMMISSION MEETING MINUTES

December 2, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:00 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present:	Hon. Linda S. Crayton, Vice President
	Hon. Caryl Ito
	Hon. Eleanor Johns
	Hon. Rich Guggenheim

Absent:	Hon. Larry Mazzola, President
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* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of November 18, 2008 were adopted unanimously.

No. 08-0218

* * *

D. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Ito and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

1. Retirement Resolution - Mr. Gene McCutcheon

No. 08-0219	Resolution thanking Mr. Gene McCutcheon for twenty-six years of faithful service, five of which were spent at San Francisco International Airport.
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Mr. John Martin, Airport Director said that Gene McCutcheon is retiring after 26 years of service with the City, with the last five years at the Airport. He served as the number two person at the Airport Waste Water Treatment Plant.. He has great respect from his fellow employees. We wish him well in his retirement.

* * *

E. ITEMS INITIATED BY COMMISSIONERS:

There were no items initiated by Commissioners.

* * *

F. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 2 was moved by Commissioner Guggenheimer and seconded by Commissioner Ito. The vote to approve was unanimous.

2. Modification No. 6 to Contract No. 5703A - Phase 1 - AirTrain Operating System
Bombardier Transportation (Holdings) USA, Inc. - \$3,275,581.53

No. 08-0220

Resolution approving Modification No. 6 to Contract 5703A - Phase 1 (design, manufacture, construct, install, test, demonstrate) AirTrain Operating System with Bombardier Transportation (Holdings) USA, Inc., in the amount of \$3,275,581.53, for a new contract amount of \$131,879,012 for final payment of amount due Bombardier Transportation (Holdings) USA, Inc. The agreed-upon amount of \$3,275,581.53 is pursuant to the Settlement Agreement by and among the CCSF, Factory Mutual Insurance Company and Bombardier Transportation (Holdings) USA, Inc., which resolves all issues related to the damages suffered by both the Airport and Bombardier as a result of the AirTrain accident of August 4, 2002, during testing of the system, and other Phase 1 contract performance issues.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction explained that as part of the settlement agreement between the City and County of San Francisco, Factory Mutual Insurance Co. and Bombardier Transportation the Airport has agreed to pay Bombardier \$5,000,000 for partial recovery for the damages stemming from the accident of August 4, 2002. The funding of the \$5,000,000 comes from two primary sources. One source is the contract retention that we withheld while we were resolving the issues between ourselves and Factory Mutual and Bombardier; the other source is from the initial adjustment that Factory Mutual did immediately following the accident for damage to the vehicles, the track laid and some delayed damages.

In May of this year the Commission approved Modification No. 5 to this contract which provided full funding of the contract amount based on the final reconciliation of the schedule of values and approved contract changes. This allowed the Airport to make partial payment of the \$5,000,000 in the amount of \$1,724,000 as part of the first part of the payment of \$5,000,000. This modification funds \$3,275,581.53 for the balance due Bombardier of the \$5,000,000. This amount is primarily funded from the initial adjustment by Factory Mutual.

Commissioner Ito asked if this closes out Phase I of the contract.

Mr. Satero responded that it does.

Item No. 3 was moved by Commissioner Ito and seconded by Commissioner Johns. The vote to approve was unanimous.

3. Award of Contract No. 8626 - Pavement Replacement and Construction - Interstate Grading and Paving, Inc. - \$1,780,000

No. 08-0221 Resolution awarding Contract No. 8626, Pavement Replacement and Construction, to the lowest responsive, responsible bidder, Interstate Grading and Paving, Inc., in the amount of \$1,780,000.

Mr. Ernie Eavis, Deputy Director, Facilities explained that this is a task order contract. When we do large runway and taxiway repairs that are beyond what our maintenance can handle we use this contract. This project will receive 75% funding from the FAA.

Commissioner Ito asked if Interstate Grading done this kind of work before.

Mr. Eavis responded that they have.

Commissioner Ito noted that while they are the low bidder we have a contingency budget of an additional \$170,000 that will bring it back up to the high bidder.

Commissioner Crayton said that she was happy to see another firm have an opportunity to work since Pavex has been getting quite a few contracts at SFO.

Commissioner Ito motioned to recuse Commissioner Johns from participating on Item No. 4. The motion was seconded by Commissioner Guggenhime. The vote to recuse was unanimous.

Item No. 4 was moved by Commissioner Guggenhime and seconded by Commissioner Ito. The vote to approve was unanimous.

4. Approval to Apply for State Grant Funds for West of Bayshore Area

No. 08-0222 Resolution approving application for grant funds by the Airport Director with the State of California to enhance the landscaping at the West of Bayshore area.

Commissioner Johns said that she is on the board of the San Francisco Conservation Corps and asked to be recused from participating on this item.

Mr. Eavis explained that this grant will assist in landscaping the area between the West of Bayshore property and Highway 101. We are doing this to make it look better but also to put in a buffer for the habitat for the frogs. We are planting

approximately 700 trees and bushes in that area. We will use recycled water in the future to maintain the area.

Commissioner Ito thought this was a great partnership.

* * *

G. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 5 through 12, was moved by Commissioner Johns and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award of Contract No. 8878 - Airport Wide Electrical and Telecommunications Improvements and Repairs - Bass Electric - \$500,400

No. 08-0223 Resolution awarding Contract 8878, Airport Wide Electrical and Telecommunications Improvements and Repairs, to the lowest responsive, responsible bidder, Bass Electric, in the amount of \$500,400.

6. Authorize Staff to Issue Requests for Proposals (RFP) for a CNG Fueling Station

No. 08-0224 Resolution authorizing staff to issue Requests for Proposals to operate and maintain an On-Airport Compressed Natural Gas (CNG) Fueling Station.

7. Bid Call - Contract No. 8617 - Runway 28R - 10L Overlay and Reconstruction

No. 08-0225 Resolution approving the scope, budget and schedule for Contract No. 8617, Runway 28R - 10L Overlay and Reconstruction, and authorizing the Director to call for bids when ready. The contract budget is \$18,500,000.

8. Bid Call - Contract No. 8886 - Facilities Roof Repair

No. 08-0226 Resolution approving the scope, budget and schedule for Contract No. 8886, Facilities Roof Repair, and authorizing the Director to call for bids when ready.

9. Authorize Request for Proposals for Contract No. 8895 - Background Investigation Services

No. 08-0227 Resolution authorizing the Issuance of a Request for Proposals for Contract No. 8895 for background

investigation services and authorizing staff to conduct negotiations with the highest-ranked proposer.

10. Authorization to Commence the Competitive Selection Process for The Snack and Beverage Vending Lease

No. 08-0228

Resolution approving the proposed minimum qualification requirements and authorizing staff to conduct a pre-bid conference for the Snack and Beverage Vending Lease.

11. Modification No. 4 to Professional Services Contract No. 8319 - Noise Monitoring System - Lochard Corporation - \$250,000

No. 08-0229

Resolution approving Modification No. 4 to Professional Services Contract 8319, with Lochard Corporation, to continue the Maintenance Agreement for Phase 1, from July 1, 2008 - June 30, 2009, extend the term of the agreement for Phase II warranty period until June 30, 2009 and increase the dollar amount by \$250,000, for a new total contract amount of \$3,537,313.

12. The Paradies Shops, Inc. - Exercise the Sole Two-Year Option Under Lease No. 04-0006 and Lease No. 04-0007

No. 08-0230

Resolution exercising the sole two-year option to extend The Paradies Shops, Inc.'s, International Terminal Building Newsstands Lease No. 04-0006, and Terminal 3 Newsstand Lease No. 04-0007, for an option term of January 25, 2009 through June 24, 2011 under the existing terms and conditions.

* * *

H. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

Ms. Vina Dubb, Asian Law Caucus, speaking on behalf of the van drivers, said that they expressed their utmost concern of immigrant drivers and small business owners and mechanics whose jobs will be lost in this effort. She hopes that the Airport Commission will not move backwards by continuing to protect immigrants. While the primary goal of

those pushing this movement may be to improve standards of service, she suggested that this can be done with better and more efficient regulation rather than by shutting down businesses, ruining lives and eradicating jobs in the process. If this situation were to occur in the open market and the larger shuttle companies squeezed out their competitors, the Department of Justice and or the FTC may sue these shuttle companies alleging illegal monopoly for the very reason that it would lead to decreased service and increase spaces.

Government does a good job of regulating airlines. Would the Commission argue that allowing only Delta and Continental at the Airport would somehow increase service and decrease prices? This is contrary to the law of supply and demand. Arguments that reducing the number of shuttle companies will streamline service and reduce prices are misguided. If one, two or even three shuttle companies exist, what will inspire companies to remain competitively service oriented? Decreasing competition will only increase prices. Suggestions to the contrary are extremely problematic. Instead of eliminating jobs and contributing further to the deterioration of the City's economy, she hoped the Commission will consider addressing the concerns of customers, helping companies improve their service by improving regulation not by bowing out of responsibility of regulation by ending competition.

As a civil rights organization committed to fighting for the livelihoods of the City's poor and under-represented the Asian Law Caucus and their sister civil rights organization stand in solidarity to small business owners and will continue to its assist them in this fight.

Ms. Sharaz Shiheiber, owner, Quake City Shuttle. This will decrease service and increase prices. They are devastated and concerned that this agreement will ruin their lives and the lives of 300 drivers and independents who would lose their livelihoods. She has four children and everything they have was put into this business. They have a lien on their house. She hoped the Commission will take this into consideration.

* * *

I. CORRESPONDENCE:

There was no discussion by the Commission.

* * *

J. CLOSED SESSION:

The Commission voted unanimously to go into closed session. The public meeting was recessed at 9:25 A.M. and the closed session began.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(a) to confer with legal counsel regarding a settlement of litigation entitled California State Automobile Association v. CCSF, Patricia White Fogarty, et al,

San Francisco Superior Court Case No. CGC-08-477538; and State Farm Mutual Automobile Insurance Company v. Patricia White Fogarty, Richard Dean Fleischman v. CCSF, et al, San Francisco Superior Court Case No. CGC-08-477594; and Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation..

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

The Commission reconvened its public session at 9:30 A.M. The Commission determined that it was not in the public interest to disclose the nature of the closed session and voted unanimously not to disclose it.

* * *

K. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:26 A.M.


Jean Caramatti
Commission Secretary

SAN FRANCISCO AIRPORT COMMISSION



MINUTES

December 16, 2008

9:00 A.M.

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JOHN L. MARTIN

Airport Director

**SAN FRANCISCO INTERNATIONAL AIRPORT
SAN FRANCISCO, CALIFORNIA 94128**

Minutes of the Airport Commission Meeting of
December 16, 2008

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AIRPORT COMMISSION MEETING MINUTES

December 16, 2008

A. CALL TO ORDER:

The regular meeting of the Airport Commission was called to order at 9:03 AM in Room 400, City Hall, San Francisco, CA.

* * *

B. ROLL CALL:

Present: Hon. Larry Mazzola, President
Hon. Linda S. Crayton, Vice President
Hon. Caryl Ito
Hon. Eleanor Johns
Hon. Rich Guggenhime

* * *

C. ADOPTION OF MINUTES:

The minutes of the regular meeting of December 2, 2008 were adopted unanimously.

No. 08-0233

* * *

- D. ANNOUNCEMENT BY SECRETARY: In accordance with the Brown Act, Jean Caramatti, Commission Secretary announced unanimous adoption of Resolution No. 08-0232 regarding the settlement of litigation entitled California State Automobile Association v. CCSF, Patricia White Fogarty, et al in the amount of \$20,000; and, State Farm Mutual Automobile Insurance Co. v. Patricia White Fogarty, Richard Dean Fleischman v. CCSF et al in the amount of \$4,935.14 at the closed session of December 2, 2008.

* * *

E. SPECIAL ITEM:

Item No. 1 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

1. Retirement Resolution - Ben Kutnick

Mr. John Martin, Airport Director said that Ben began his 33 year career with the City as a Senior Accountant in the District Attorney's Office and held positions in the Controller's Office, Commission on Aging, Port of San Francisco and PUC prior to joining the Airport five years ago. Ben spent Port 19 years at the Port, including seven years as Director of Finance and Administration.

As the Finance Director at the Airport Ben did an outstanding job in stabilizing the organization, building our relationships with the airlines and the rating agencies on financial matters, implementing a new Property Management Billing and Information System, something we've aimed to do for 20 years and Ben and his staff finally delivered on it. He is greatly respected by Airport staff and people in the financial industry. He is personally grateful and the organization is grateful to Ben for his great work and even more grateful that Ben has agreed to stay on part time in his retirement to be a resource for the Airport.

Commissioner Mazzola congratulated Mr. Kutnick.

Commissioner Crayton congratulated Ben and thanked him for all of the support he has given the Commission. She wished him the best in his retirement.

Commissioner Ito said that it was a pleasure to get to know him. He came to the Airport with a great background and his reputation preceded him. He did a great job for us. She congratulated Ben and told him he will be missed.

Mr. Kutnick thanked the Commission and staff for making it a wonderful five years. Having worked at six city departments he has a real appreciation for how special the Airport is and how much fun it was to work here. He hoped he left it a little bit better than he found it. He has a wonderful staff who do a great job ... they are a hardworking, dedicated group and he can't say enough about them. It's a staff that really makes you look good. He thanked Leo for hiring him and John for promoting Leo five years ago so that Leo could hire him. Thank you very much.

* * *

F. DIRECTOR'S REPORT:

2. Annual LBE/DBE/ACDBE Contract Awards for FY 2007/2008

Ms. Sandra Crumpler, Manager, Small Business Affairs said that the reporting period for this annual report covers July 1, 2007 to June 30, 2008 and October 1, 2007 to September 30, 2008 for the Federal funded contracts.

During FY 2007/08 the Commission approved 34 contract awards which included 15 construction contracts, 12 Professional Services and 7 concession leases. These contracts were awarded in accordance with the San Francisco LBE Ordinance and the FAE DBE Regulations. In order to count for participation of

LBE and DBEs toward our annual goals the LBEs had to be certified by the HRC and the DBEs had to be certified by transportation agencies within the California Unified Certification Program referred to as CUCP. Our office verifies the certification status of these businesses.

During this reporting period DBE/LBE contractors were awarded several prime contracts and received numerous subcontracts in three contracting areas.

Construction contracts, which include Federal and local total dollars awarded was \$27.8 Million. Of this amount non-DBE/LBE prime contractors were awarded contracts totaling over \$22.4 Million; they subcontracted \$19.7 Million. Of this total amount certified DBE/LBE firms received subcontracts totaling \$7.4 Million or 38% of the total subcontract amount. Thirty-five DBE/LBE primes were awarded construction contracts totaling \$5.4 million, representing 19% of the total contract dollars awarded.

Professional Services contracts ... non-DBE/LBE clients were awarded contracts totaling \$59 Million. This includes two elevator/escalator maintenance contracts and the T-2 Design Build project with the modifications. Of this total amount 35 DBE/LBE subconsultants received \$4.2 Million or 7% of the work.

Concession leases ... of the seven concession leases awarded, one was awarded to a certified ACDBE firm for a security checkpoint mail service, representing 15% of the total number of lease awards. Two leases were also awarded to a minority owned company that is no longer DBE certified because of their growth and revenue sales. They are no longer considered disadvantaged by FAA regulations. They are listed on Chart #5.

Our overall ACDBE participation goal remains at 40% for Food and Beverage Retail operations.

Commissioner Crayton thanked Ms. Crumpler for the report and for her assistance to minority contractors.

Commissioner Crayton asked if these were all DBEs.

Ms. Crumpler responded that they are not all DBEs or LBEs. Chart Nos. 2 through 5 indicate DBEs and LBEs in parentheses.

Commissioner Crayton understood that there is little we can do to bring someone into the process if they are not certified LBE or DBE.

Ms. Crumpler responded that we encourage participation of all small businesses, whether they are certified or not. She will start keeping a category for those who are not certified. For example, Proven Management is no longer certified, but they still are a minority owned firm. The program is doing what it is supposed to do ... get them in the door and help them to grow so that they can compete on their own. We have seen several contractors like that. The next report will process that information and show those that have graduated. It's the same for

Concessionaires ... many are no longer considered small or disadvantaged.

Commissioner Ito asked if we are still moving in the right direction since the law changed a few years ago.

Ms. Crumpler responded that we have seen more progress with small businesses coming in. Some of the larger companies did not want to give up their foothold, however we are trying to explain to them that when you graduate and become a prime you bring in smaller contractors as your subcontractor.

Commissioner Crayton asked how HRC is helping in the process in terms of bringing in businesses.

Ms. Crumpler responded that HRC is doing LBE certification and compliance reviews on construction contracts with LBE requirements. Our office oversees their work and insures that we are being notified of any issues or any complaints. We are more closely involved in contract compliance with DBE requirements and with the concessions.

* * *

G. ITEMS INITIATED BY COMMISSIONERS:

Commissioner Crayton noted a recent article in the Oakland Tribune discussing a sweetheart deal in the rental of property at the Port of Oakland. Have there been comments about how the Airport leases out space.

Mr. Martin responded that we can provide a report but the bottom line is, if you ask any of our tenants, the rental for space at the Airport is very much on the higher end. On-Airport versus off-Airport warehouse is more expensive, reflecting the value of the location. Our office space rentals are competitive. Offices in warehouse buildings is on the high side and may be part of the reason why we don't have 100% occupancy.

Mr. Martin said that this is one of the reasons we really stick with a process. Often concessionaires come to Airport staff asking for their leases to be extended two or three years and we say no. We have to go through a competitive process; we don't just extend leases when there is no provision for the exercise of an option. You may recall this coming up over time when concessions have lobbied to get an extension. We only do extensions when it is something related to a construction project or where we can't logically put out a new lease.

* * *

H. ITEMS RELATING TO ADMINISTRATION, OPERATIONS & MAINTENANCE:

Item No. 3 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

3. Modification No. 2 to Contract No. 8757A - Design Build Services for Terminal

2/Boarding Area D Renovations - Turner Construction Company - \$4,603,600

No. 08-0235

Resolution approving Modification No. 2 to Contract No. 8757A, Design-Build Services for Terminal 2/Boarding Area D Renovations with Turner Construction Company (TCCO), in the amount of \$4,603,600 for design services and TCCO costs related to added scopes of work for Concessions Development, Terminal Building Seismic Upgrade, Roadway Strengthening and Bypass Tunnel Infill.

Mr. Ivar Satero, Deputy Director, Bureau of Design and Construction explained that this modification provides for the additional design services from the design build team to incorporate scope which was not part of the original RFP and therefore is not in the current contract. The design build approach was selected by the Airport to meet the aggressive schedule requirements to accommodate the anticipated growth of new entrant carriers at SFO. The design build approach was structured in a way that recognized that certain decisions had not been fully vetted and so under a typical design build you would turn over design control to the design build team at a very early stage in the process. We actually tweaked our design build contract so we remained in full control of the design and were able to vet issues as we had discussed with the Commission previously. It was important for us to be able to use the expertise of the design build team as we went through developing the project and the issues that still had not been fully studied and evaluated by the Airport. In particular, at the time of the RFP we hadn't completed the conceptual design of the concessions program nor had we thoroughly studied the seismic and structural issues of the terminal building and the apron layout configuration. We intended on evaluating these issues with the assistance of the design build team. They provide the technical expertise that we required, they have the ability to perform the alternatives analysis and inform the decision making with real time, costs and schedule impacts.

Now that we have evaluated these issues we are recommending that the Commission approve the scope of work and incorporate it into the contract. The Airport Executive Committee has reviewed the scope of work and approved that it get incorporated it into the contract. We have successfully negotiated a design fee with the design build contractor for a total of \$4,603,600. The work will be incorporated into the project by the design team of Gensler, Michael Willis and their subconsultants. This is a progressive GNP contract so the work will be competitively bid through the various trade bid packages that will contain the scope. The LBE subcontracting goal for the design portion of this contract is 17%. The contractor, in their proposal, committed to achieving 24.7% on the base contract which is still their committed amount. For this change scope they will achieve at a minimum 17% goal. The modification amount is included in the current forecast and is within the overall budget of \$383 Million for the project.

Item No. 4 was moved by Commissioner Guggenheim and seconded by Commissioner Crayton. The vote to approve was unanimous.

4. Award of Contract No. 8256C - Storm Drainage Pump Stations 17 & 18 Electrical Power Installation - U.S. Electrical Technologies, Inc. - \$1,226,500

No. 08-0236

Resolution awarding of Contract No. 8256C, Storm Drainage Pump Stations 17 & 18 Electrical Power Installation, to the lowest responsive, responsible bidder, U.S. Electrical Technologies, Inc., in the amount of \$1,226,500.

Mr. Ernie Eavis, Deputy Director, Facilities explained that this contract will replace drainage pump stations No. 17 & 18 which serve the north field of the Airport. Nine bids were received on this contract; the five lowest bids were within 5% of each other and those five bids were within 4% of the engineer's estimate. This project is 75% refunded through the FAA.

Item No. 5 was moved by Commissioner Crayton and seconded by Commissioner Ito. The vote to approve was unanimous.

5. Award of Contract No. 8846 - Noise Insulation Consulting Services - C-Kell Smith & Associates - \$750,000

No. 08-0237

Resolution awarding Contract 8846 to C-Kell Smith & Assoc. for Noise Insulation Consulting Services in an amount not-to-exceed \$750,000 for a period of two years with a one-year option exercisable at the sole discretion of the Commission.

Mr. Leo Fermin, Deputy Director, Business and Finance explained that in 1992 the Airport entered into an MOU with the neighboring communities to fund up to \$120 Million to insulate homes in the vicinity of the Airport. In 2000 a supplemental program was established to fund an additional \$34 Million. Both programs were completed and eliminated all incompatible land use within the noise impact area. This enabled the Airport to achieve compliance with the requirements of Title 21 of the California Administrative Code and consequently this enabled the Airport to operate without a variance from the California State Department of Transportation.

To preserve compliance we need to continue to offer noise insulation and acquire easements for three reasons: first, the noise impact contour may shift over time so we need to check if any new properties that were previously outside the contour now pop up in the latest contour. If so we need to contact those property owners to offer insulation in exchange for an easement. We have to submit noise contour reports quarterly to San Mateo County as well as the State of California. Second, in the past there were property owners who declined insulation thus giving us an easement. Should these properties be sold or otherwise change title we need to offer insulation to the new owners in exchange for easements. This requires an ongoing review of properties and transfers to identify the new owners. Finally there may be a need to acquire additional easements for properties

constructed after January 1, 1989. The building code which took effect on that date may avoid the need to install noise insulation however easements may have to be acquired for new properties.

To do all of this we need a consultant whose primary strength and experience is in the administration of airport noise programs. The consultant will first create a map to database properties, review county records against current noise contours and send out notices to new eligible property owners. They will create a procedures handbook, they will assist staff in applying for FAA grant reimbursements and prepare the cash outlay reports for submission to the FAA as well as help staff close out the grants. They will coordinate easement acquisitions and recording and they will assist staff in preparing noise insulation budgets for the future.

As far as the actual construction and installation of noise insulation, such as windows and doors, the consultant will subcontract out for any architectural design services needed and the necessary acoustical noise measurements. The consultant will assist Airport staff in preparing bid specs and bidding out the actual construction and installation work which will be contracted directly with the Airport. The consultant will serve as the Airport's Construction Manager at the site.

For the not to exceed \$750,000 two year budget we expect 35% or about \$264,000 would cover the cost of the administering program ... county copying and record searches, offering and recording of easements, etc. The remaining 65% or \$486,000 would cover construction management, any necessary architectural design work and acoustical engineering services to take noise measurements.

We project the maximum potential of about 35 homes over two years that may become eligible. If all of these homes require noise insulation we estimate construction costs of about \$700,000 for this two year period. To put this in perspective under the two MOU programs a total of 15,218 homes were insulated. The two previous MOU programs were administered directly by the neighboring cities and San Mateo County using in house staff and their own consultants. Since these programs have been completed we now must assume this role.

Commissioner Johns assumed that it doesn't become part of the title of the property therefore in any transfer a new owner would automatically get that information and it becomes the 100% obligation of the Airport?

Mr. Fermin responded when we offer an existing homeowner a chance to get home insulation in exchange for giving us an easement, if that homeowner declines we have done our obligation. However, when the property changes hands, whether it is sold or inherited, we have an obligation to make that same offer to the new owner. The obligation rests with us to acquire the easement.

Commissioner Johns asked if the obligation wouldn't rest with the real estate agent to add a disclaimer when the property is put up for sale that the home is entitled to noise insulation.

Mr. Fermin believed that it is incumbent upon us to make that effort.

Commissioner Johns felt that it should be in disclosure statements when the property is put up for sale. Why has that become an obligation of the Airport.

Mr. Rob Maerz, Airport General Counsel, responded that there is a distinction between the disclosure obligation and the obligation to pay for the insulation. So, there might be an obligation on the part of the homeowner to disclose, but that doesn't relieve the Airport of the obligation to insulate if it is within the contour.

Commissioner Johns disagreed. We are saying that it is up to the Airport, and this contract will create a database so that we can make sure we are meeting our obligation in contacting new owners of a property in the event that a previous owner did not take advantage of our offer to insulate. It doesn't sound right to her.

Mr. Martin added even if it were buried in all that paperwork of a house sale transaction we would want to contact the new owner because we want the homes insulated so we can get the signed noise variance.

Commissioner Johns assumed that Mr. Martin was saying that it is worth it to us.

Mr. Martin responded that it is important for us to do this because we want to have a signed noise easement from any possible owner that we can get it from.

Mr. Fermin added that we want to continue to operate without a State variance.

Mr. Mike McCarron, Airport spokesperson added that Title 21 gives the obligation to the Airport regardless of the situation. As for disclosure, the communities immediately surrounding the Airport accepted money in the 1992 agreement and part of the agreement with the community was they had to pass a disclosure law for any real estate transactions in those communities. When the property is sold the new owner is notified that they are near an Airport and that is the extent of the disclosure. There is nothing about optional insulation should they desire it.

Each quarter we have to file a report with the County to the State of California on how many homes are insulated ... it is called non-compatible land use. The Noise staff tracks any type of transactions. Fortunately it is only a handful every quarter.

Commissioner Johns asked what happens if we insulate a property and it is sold, are we under obligation to redo it?

Mr. McCarron responded no, because the easement has been signed.

Commissioner Johns asked if the easement is passed on in perpetuity.

Mr. McCarron responded that it is tied to the title but it is not in perpetuity; there is a sunset clause.

Mr. Maerz responded that it depends whether it is pre-1989 or post.

Mr. McCarron added that after 1989 the building standards changed for the

minimum insulation required for noise. Then we have to offer them an easement and they can accept or decline that.

Commissioner Guggenheim said that it is a matter of real estate law. Once the easement is there it is on the title report ... Easement of Record. If it's not on the title report there are crystal clear disclosure rules when somebody sells the house that are absolutely enforceable and of major import. So if somebody knows that they did or did not opt in or out for the noise assistance, they better disclose it because they have a serious liability as a seller if they don't.

It seemed to him that the owners have just as much responsibility ... first of all it is a matter of record if there is an easement, then there isn't an issue because it is on the title report which everybody looks at. On the real estate disclosure rules, if there is nothing in the title and an owner has been contacted and is selling the house and knows there is an issue with noise, he or she better disclose it because that is the kind of thing that could lead to damages of the buyer against the seller.

Mr. McCarron said that he is not a lawyer, but you would be surprised at how many people are surprised that they live next to an Airport when they buy a property.

Mr. Martin said that this sets up the database to easily identify sales of homes that do not have an easement within the noise contour.

Commissioner Johns asked if we know the percentage of commercial property versus residential.

Mr. McCarron responded that the law states that we have to insulate residential, places of worship, long term care facilities and schools. Commercial and light industrial is not considered compatible land use. The Airport's purpose is to have that. We have an ongoing struggle with the committees on another issue regarding land use near the Airport.

Commissioner Johns asked if insulation has a standard.

Mr. McCarron responded that there is a standard. They have to measure inside and out.

Commissioner Johns asked if it makes a difference.

Mr. McCarron responded that it's all relative ... but it does make a difference.

Mr. Martin added if the windows are closed. If the windows are open it's all over.

Commissioner Crayton said that her mother's house is in Los Angeles right off Century Blvd. and LA airport is right there. Even in her Alzheimers state she was able to sign the papers and get her windows insulated and now you can't hear a thing. It absolutely makes a difference. The value of the property also goes up by the quality of the windows used. It behooves the Airport to make that happen. This is a huge issue in Los Angeles.

Mr. McCarron added that it is the issue. If we don't keep on top of this we become liable for a variance under State law. It's a complex and cumbersome process that he hopes he never has to do as Noise officer again. We just got out of a variance about five years ago by being the only in airport California to have all compatible land use in the impact area ... which was about 15,000 homes. Now we are just getting the homes left behind. The challenge is the cost because we are only doing one or two homes a quarter or a year. We aren't able to get as good a deal.

* * *

I. CONSENT CALENDAR OF ROUTINE ADMINISTRATIVE MATTERS:

The Consent Calendar, Item Nos. 6 through 9, was moved by Commissioner Crayton and seconded by Commissioner Guggenheim. The vote to approve was unanimous.

6. Authorization to Fund \$2,165,000 for the One-Year Option to Extend to the Fifth Year of the Airport's Financial Advisory and Arbitrage Rebate/Investment Advisory Contracts

No. 08-0238	Resolution authorizing total annual funding of \$2,165,000 for the one-year option to extend to the fifth year of the Airport's Financial Advisory and Arbitrage Rebate/ Investment Advisory Contracts.
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7. Award of Contract No. 8777R - Pipeline Modifications and Underground Utility Repairs - Trinet Construction, Inc. - \$521,900

No. 08-0239	Resolution awarding of Contract 8777R, Pipeline Modifications and Underground Utility Repairs, to the lowest responsive, responsible bidder, Trinet Construction, Inc., in the amount of \$521,900.
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8. Award of Contract No. 8840 - Acoustical Engineering Services Related to Aircraft Noise Abatement - BridgeNet International - Not to Exceed \$500,000

No. 08-0240	Resolution awarding Contract No. 8840, Acoustical Engineering Services Related to Aircraft Noise Abatement to BridgeNet International in an amount not to exceed \$500,000. Term of the contract is for five years with three one-year renewal options, exercisable at the sole discretion of the Airport Commission. The yearly amount of the contract is \$100,000.
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9. Authorization to Issue a Request for Proposals for Contract 8904 for Psychological Evaluation Services and to Negotiate with the Highest-Ranked Proposer

Resolution authorizing the Issuance of a Request for Proposals for Contract No. 8904 for Psychological Evaluation Services and authorizing staff to conduct negotiations with the highest-ranked proposer.

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J. NEW BUSINESS:

This is the "Public Comment" section of the calendar. Individuals may address the Commission on any topic within the jurisdiction of the Airport Commission for a period of up to three (3) minutes. Please fill out a "Request to Speak" form located on the table next to the speaker's microphone, and submit it to the Commission Secretary.

There were no requests to speak from the public.

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K. CORRESPONDENCE:

There was no discussion by the Commission.

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L. CLOSED SESSION:

The Airport Commission did not go into closed session.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.11 on whether to conduct a Closed Session.

The Airport Commission will go into closed session in accordance with Government Code Section 54956.9(b)(1) to confer with legal counsel regarding potential litigation.

Discussion and vote pursuant to Brown Act Section 54957.1 and Sunshine Ordinance Section 67.12 on whether to disclose action taken or discussions held in Closed Session.

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M. ADJOURNMENT:

There being no further calendared business before the Commission the meeting adjourned at 9:40 AM.


Jean Caramatti
Commission Secretary



